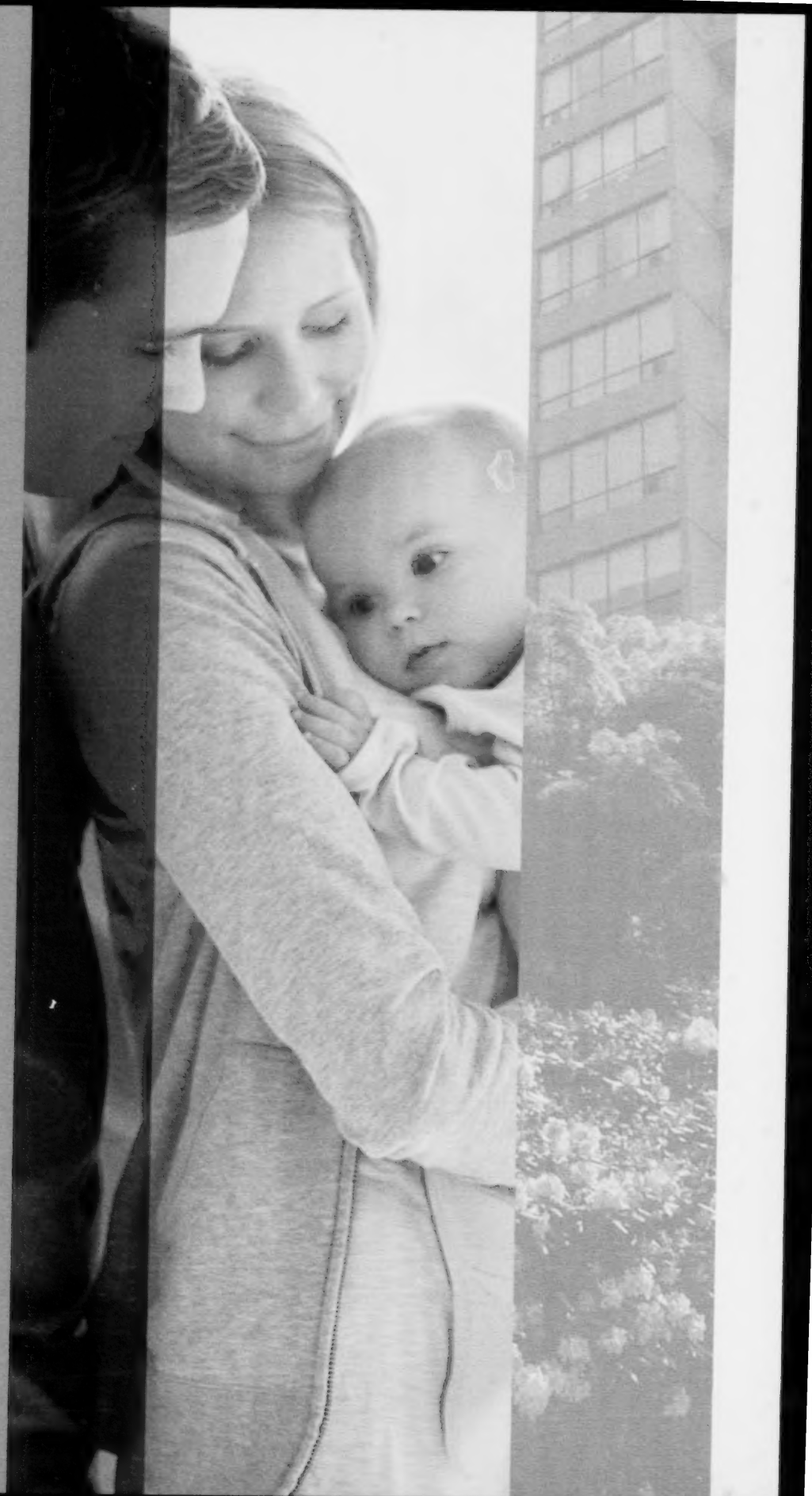
housing matters

Annual Report
2010/11



BC Housing

BRITISH COLUMBIA

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Joint Message from the Chair and Chief Executive Officer

It is a pleasure to submit BC Housing's Annual Report for 2010/11. This report describes progress in meeting the goals, objectives and performance measures described in our 2010/11 Service Plan. Our work is directed by the provincial housing strategy, *Housing Matters BC*, and is making a positive difference in people's lives across the housing continuum.

Making a difference in people's lives

Our programs and initiatives are helping to break the cycle of homelessness in communities across the province. Last year, 584 housing units for the homeless were completed with a further 535 units under construction. These developments represent a significant achievement in creating partnerships between the province, local governments, non-profit, charity and community organizations. Of greater importance, however, is the fact that these developments will become home for individuals making the transition from the street and emergency shelter to safe, affordable and stable housing. Other programs are also making a difference for the homeless. In 2010/11, 7,403 chronically homeless individuals were housed through the *Homeless Outreach Program*, including the *Aboriginal Homeless Outreach Program* and the *Emergency Shelter Program*.

Last year more than 4,123 new low-income working families and 3,283 new senior households benefitted from our programs by providing cash assistance to help them afford their monthly rent, bringing the total to 25,188 households who have participated in these programs since their inception. The successful *Rental Assistance Program*, in particular, has gone a long ways in helping families make ends meet and, in many instances, move towards greater financial independence.

Together with our government and non-profit partners, we are also working to renew and revitalize affordable housing for British Columbians who need it most. In 2010/11 renovation projects were underway at 42 social housing developments across the province through the *Housing Renovation Partnership*. These renovation projects affect positive change for the people and the communities who call them home.

This was BC Housing's first year with new responsibilities under the *Homeowner Protection Act* with a mandate to provide consumer protection for new home buyers and foster continuous improvements in the quality of construction of new homes. Our new industry partnership with the Professional Builders' Institute is a key step towards enhancing the professionalism of the residential construction sector.

ABOUT THIS ANNUAL REPORT

The 2010/11 BC Housing Annual Report was prepared under the Board of Commissioner's direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The Board is accountable for the contents of the report, including what has been included in the report and how it has been reported.

The information presented reflects the actual performance of BC Housing for the twelve months ended March 31, 2011.

The measures presented are consistent with BC Housing's mandate, goals and strategies, and focus on aspects critical to the organization's performance. The Board is responsible for ensuring internal controls are in place to ensure performance information is measured and reported accurately and in a timely fashion.

All significant decisions, events and identified risks, as of March 31, 2011, have been considered in preparing the report. The report contains estimates and interpretive information that represents the best judgment of management. Also identified in this report are any changes to mandate, direction, goals, strategies, measures or targets made since the 2010/11 – 2012/13 Service Plan was released, and any significant limitations in the reliability of data.

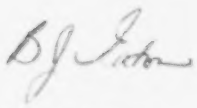
Performance results

In 2010/11 we met or exceeded the majority of our performance measure targets. For example, we were successful in meeting targets for creating new homes for those in greatest need, adapting existing units to higher priority need, and achieving a high level of employee engagement. We are particularly proud of our efforts to reduce the impact on the environment by reducing greenhouse gas emissions by 25 per cent (compared to 2005) in our directly managed public housing. Indeed 2010 was BC Housing's first year as a carbon neutral organization.

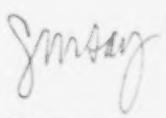
In the area of tenant satisfaction, disruptions brought about by the large number of renovation projects underway at our public housing buildings contributed to lower satisfaction levels than we would have liked. We are working to conduct repairs on a timelier basis and to improve communications and tenant supports where needed.

Financially we were able to deliver our programs within our total budget of $764 million, including a provincial operating budget of $481.5 million. As in the previous year we implemented budget measures to mitigate cost pressures. This required working closely with housing providers, government partners and the community to identify strategies and leverage resources to help offset some of these pressures. This focus is expected to continue in the year ahead. Our partnerships with the non-profit housing sector will benefit from the Shared Purpose Statement that was jointly initiated in 2010/11. The principles contained in the statement are intended to build on our common purpose of providing stable, safe and affordable housing, and to strengthen relationships through fostering a shared culture of respect and collaboration.

Through our social housing programs and initiatives we made a difference in the lives of about 95,000 individuals and families in 2010/11. Through the Homeowner Protection Office our programs offered value-added research and education for the benefit of 5,300 licensed residential builders as well as consumer protections for 24,000 buyers of new homes. We look forward to working with our partners to build on these achievements in the year ahead.



Brenda Eaton
Chair



Shayne Ramsay
Chief Executive Officer

Creating New Supportive Housing for the Homeless

Under the *Provincial Homelessness Initiative*, the Province works in partnership with local communities, the federal government, and non-profit providers to develop new housing options with integrated support services to help people who are homeless or at risk of homelessness move beyond temporary shelter to more secure housing.

As part of the *Provincial Homelessness Initiative* and partnerships with local governments, BC Housing completed 541 housing units for the homeless in 2010/11. These agreements with eight municipalities across the province – Vancouver, Victoria, Surrey, Kelowna, Abbotsford, Campbell River, Maple Ridge and Nanaimo – will see the development of over 2,300 new supportive housing units.

Rock Bay Landing in Victoria (above left) and Willowbridge in Kelowna (above right) both opened last year. The 7th and Fir site (below left) and 525 Abbott Street (below right), both in Vancouver, are also under construction. These sites are amongst 32 being developed around the province as a result of partnerships the Province has with local governments.

Our Strategic Framework

Mandate, Vision and Values

Our mandate is to fulfill the provincial government's commitment to the development, management and administration of subsidized housing as reflected in an Order-in-Council under the *Housing Act* establishing the British Columbia Housing Management Commission (BC Housing) in 1967. As of 2010/11 our mandate expanded to include responsibilities for the administration of the *Homeowner Protection Act* including strengthening consumer protection for buyers of new homes and helping bring about improvements to the quality of residential construction.

Our vision is housing solutions for healthier futures.

Our values are integrity, respect, commitment, service and accountability.

HOUSING MATTERS BC – A HOUSING STRATEGY FOR BRITISH COLUMBIA

As set out in the Shareholder's Letter of Expectations, BC Housing's priority is to fulfill the government's commitment to meet the housing needs of British Columbians as set out in the provincial housing strategy, *Housing Matters BC*.

The framework for the evolution of the housing sector, including the business direction for BC Housing, is guided by *Housing Matters BC*. This provincial housing strategy contains six goals, each of which is client-focused. BC Housing is a major contributor in ensuring these goals are met through a variety of programs and partnerships.

1. The homeless have access to stable housing with integrated support services
2. B.C.'s most vulnerable citizens receive priority for assistance
3. Aboriginal housing need is addressed
4. Low-income households have improved access to affordable rental housing
5. Homeownership is supported as an avenue to self-sufficiency
6. B.C.'s housing and building regulatory system is safe, stable and efficient

Shareholder's Letter of Expectations

The Shareholder's Letter of Expectations (SLE) describes the relationship between BC Housing and the provincial government, and mandates direction from government to BC Housing. The SLE ensures a mutual understanding between the shareholder and BC Housing on governance issues, corporate mandate, core services, public policy issues, strategic priorities and performance expectations.

Our core business areas and services are aligned to fulfill our mandate, shareholder's expectations and policy directions under *Housing Matters BC*. The chart below summarizes key directions established in our SLE and key accomplishments for 2010/11.

SLE HIGHLIGHTS	KEY ACCOMPLISHMENTS
The homeless have access to stable housing with integrated support services	
▪ Work with other provincial ministries, health authorities, the non-profit and private sectors, local governments and others to establish long-term housing and support services to respond to the needs of homeless/at risk individuals through the *Provincial Homelessness Initiative*, including supportive housing through Memoranda of Understanding agreements with local governments	▪ Completed 584 units across the province with a further 535 units under construction for individuals who are homeless/at risk
▪ Manage the emergency shelter program and continue the shift to making shelters gateways to stable housing and support services	▪ Completed fire and life-safety renovations at provincially-acquired single room occupancy hotels and provided housing and support services to individuals who are homeless/at risk
▪ Connect homeless people to income assistance, stable housing and community-based health services through the *Homeless Outreach Program* and the *Aboriginal Homeless Outreach Program*	▪ 7,403 homeless people were housed through the *Homeless Outreach Program*, the *Aboriginal Homeless Outreach Program* and through gateway services offered through the *Emergency Shelter Program*
B.C.'s most vulnerable citizens receive priority for assistance	
▪ Work in partnership with provincial health authorities, the non-profit and private sectors, local governments and others to deliver the *Independent Living BC program* for seniors	▪ Over 100 units are under construction through the *Independent Living BC* program
▪ Improve access to, and maximizing the use of, government-owned public housing for those with complex housing and health needs through initiatives such as the *Seniors' Rental Housing* and the *Seniors' Supportive Housing* programs	▪ Converted 55 subsidized housing units under the *Seniors' Supportive Housing* program to supportive housing units for low-income seniors who need some assistance to continue to live independently
▪ Provide a continuum of housing options for women and their dependent children fleeing violence including transition houses, safe homes, second stage housing, and strengthening linkages with service providers	▪ Completed over 400 units under the *Seniors' Rental Housing* with over 700 units under construction to provide affordable housing for seniors and people with disabilities in smaller communities across the province
▪ Renovating and retrofitting social housing in greatest need of repair throughout the province through the *Housing Renovation Partnership*	▪ The *Women's Transition Housing and Supports Program* has completed a review of programs and is working with our partners to implement recommendations to better address the housing and support needs of women and children fleeing violence
▪ Manage comprehensive re-development plans for appropriate subsidized housing sites to further the objectives of the provincial housing strategy	▪ Renovation and renewal projects underway on all of the 101 social housing buildings identified for capital improvements under the *Housing Renovation Partnership* program
	▪ Continued to implement a capital asset management framework to align the public housing stock with current and future housing needs

SLE HIGHLIGHTS	KEY ACCOMPLISHMENTS
Aboriginal housing need is addressed	
▪ Support Aboriginal capacity building in the area of housing and transferring administration of additional housing units to the Aboriginal Housing Management Association	▪ Created 77 new units of affordable housing for Aboriginal individuals and families under the *Aboriginal Housing Initiative* ▪ Administration of 179 social housing units transferred to the Aboriginal Housing Management Association
Low-income households have improved access to affordable rental housing	
▪ Find innovative ways to deliver on BC Housing's mandate and provide support for innovative projects initiated by others ▪ Assist seniors and low-income working families who rent housing in the private market with rent subsidies through the *Shelter Aid for Elderly Renters* and *Rental Assistance Program* ▪ Administer the *Housing Endowment Fund*	▪ Created 474 new units through the *Community Partnership Initiative* ▪ Provided 25,188 families and seniors with rent assistance through the *Rental Assistance Program* and the *Shelter Aid for Elderly Renters* program since the programs began ▪ Found appropriate housing for more than 2,200 applicants in subsidized housing through *The Housing Registry* ▪ Responded to over 100,000 calls through BC Housing's inquiry line ▪ Administered the *Housing Endowment Fund*, providing more than 40 innovative housing proposals with more than $25 million to develop nearly 400 affordable housing units and other unique projects since its inception in 2007
Homeownership is supported as an avenue to self-sufficiency	
▪ Find innovative ways to deliver on BC Housing's mandate and provide support for innovative projects initiated by others	▪ Created innovative affordable homeownership initiatives for low- and moderate-income households on a pilot basis
B.C.'s housing and building regulatory system is safe, stable and efficient	
▪ Work with the Ministry of Housing and Social Development to effect the transfer of the reconstruction loan portfolio from the Homeowner Protection Office ▪ Incorporate environmentally responsible construction and management techniques into new builds and existing developments ▪ Provide leadership in the Wood First initiative by working to maximize the use of wood in provincially-built housing units	▪ Ensured an effective system of licensing and new home warranty insurance under the *Homeowner Protection Act* ▪ Promoted sustainability in BC Housing's business activities and more broadly with the housing sector through *livegreen: Housing Sustainability Plan* ▪ Committed to build new housing to LEED standards with a focus on energy efficiency, reduced greenhouse gas emissions and energy costs ▪ Created units of affordable seniors housing under the *Seniors' Rental Housing* initiative using modular, manufactured housing or site-built wood frame construction to promote B.C. wood product use

ENVIRONMENTAL SUSTAINABILITY

BC Housing's sustainability strategy, called *livegreen: Housing Sustainability Plan* recognizes the significant role that we can play to promote sustainability in our activities and more broadly within the housing sector. We accomplish this through taking actions in three areas:

- Buildings – striving towards innovation in design, construction and management of social housing buildings;
- Change Agent – guiding and supporting others in taking actions towards sustainability; and
- Integration – integrating financial, social and environmental considerations in decision making.

The *livegreen* plan is aligned with the Province's Climate Action Plan to reduce greenhouse gas emissions and our carbon footprint, and to become carbon neutral. We report our performance through the "Reduction in Greenhouse Gas Emissions" performance measure in this Annual Report.

Our significant reduction in greenhouse gas emissions in public housing buildings and offices contributed to BC Housing becoming carbon neutral in 2010.

Rental Assistance Program Helps Single Mom Move Towards Financial Indepedence

Leslie isn't afraid of hard work. The Abbotsford single mom cleaned houses while completing a program to upgrade her administration skills. With her schooling complete, she was able to get a part-time job in her field. Every dollar counts and that's why the help Leslie has received from the *Rental Assistance Program* has been so critical in her life.

Leslie looks forward to the day when she no longer qualifies for rental assistance. "That will mean that I'm moving forward and achieving financial independence. I want to be able to stand on my own feet. In the meantime, the program has meant a lot less stress and given me real peace of mind."

BC Housing's *Rental Assistance Program* provides eligible low-income, working families with cash assistance to help their monthly rent payments.

"...I'm moving forward and achieving financial independence. I want to be able to stand on my own feet."

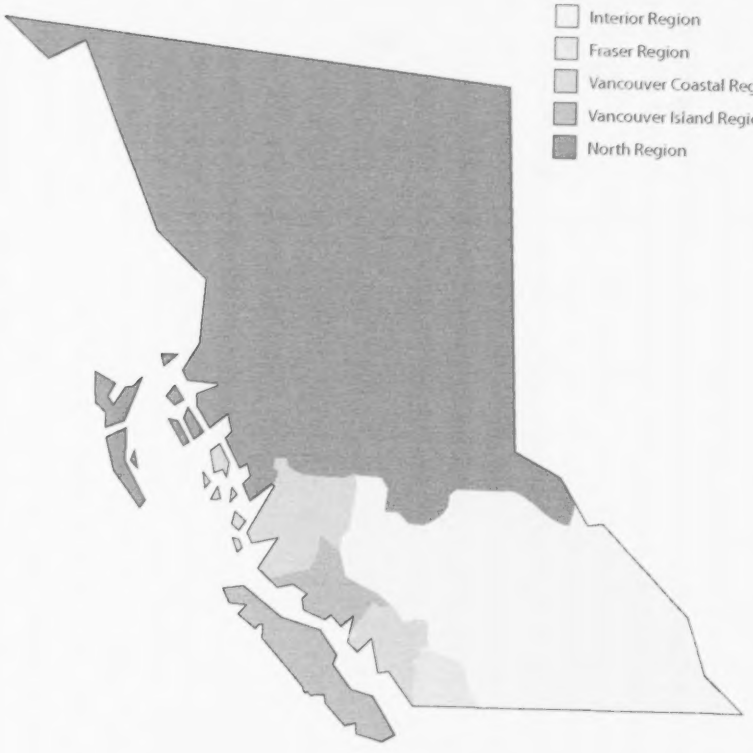
Who We Serve

Government-assisted housing for those in greatest need

About 95,000 households in 200 communities throughout the province were assisted through subsidized housing in 2010/11. This total includes some 800 housing providers – mostly non-profit societies and housing co-operatives – managing about 59,300 of these units and BC Housing managing 7,200 public housing units. Also included are about 28,500[1] households receiving financial assistance to make their rent more affordable in the private market.

The majority of British Columbians are housed successfully in the private housing market. However, there are households that are unable to find suitable housing in the private market. Households spending 50 per cent or more of their income on rent for adequate housing are considered to be in highest need and at risk of economic eviction or homelessness.

The map below shows BC Housing's service regions. Using 2006 Census data, the table shows the general distribution of households paying 50 per cent or more of their income on rent and those assisted through the current inventory of subsidized housing units and rent supplements. The number of households assisted through subsidized housing is BC Housing data from 2010/11.



INTERIOR	
Total number of households	269,100
Households spending > 50% of their income on rent	8,700
Households assisted through subsidized housing	13,545
FRASER	
Total number of households	514,100
Households spending > 50% of their income on rent	18,200
Households assisted through subsidized housing	27,613
VANCOUVER COASTAL	
Total number of households	419,400
Households spending > 50% of their income on rent	23,300
Households assisted through subsidized housing	33,222
VANCOUVER ISLAND	
Total number of households	297,800
Households spending > 50% of their income on rent	12,100
Households assisted through subsidized housing	15,779
NORTH	
Total number of households	100,300
Households spending > 50% of their income on rent	2,600
Households assisted through subsidized housing	4,864

[1] This figure includes households in the private market receiving rent assistance, with or without support services.

Many of our programs and initiatives are designed to address the needs of those who require affordable housing in combination with support services to maintain successful tenancies, lead healthier lives and participate more fully in their communities. The following is a summary of some of the groups in greatest housing need.

Individuals Who Are Homeless

Homelessness is a concern for many communities throughout B.C. Some reports estimate the cost of homelessness to the health, social, and justice systems to be over $55,000 per person per year (Centre for Applied Research in Mental Health & Addiction, Simon Fraser University).

Challenges to finding appropriate housing for people who are homeless are multi-faceted. They may be housing-related, such as affordability, availability or suitability, or a combination of life events, including disabilities, health and mental health issues, addictions, social exclusion, joblessness or a breakdown of relationships.

Frail Seniors and Individuals with Special Needs

The population of seniors will increase from 15 per cent of B.C.'s population in 2009 to 24 per cent in 2036, putting pressure on social housing. The age 80+ senior population will grow from four per cent in 2009 to seven per cent in 2036 (BC Stats).

People who require special-needs housing include those with severe physical disabilities or mobility issues, chronic mental illness, those living with HIV/AIDS, and drug and alcohol dependencies. Frail seniors and individuals with special needs require a range of support services to help them achieve more stable lives, and supportive housing allows them to live independently.

Aboriginal Individuals and Families

Aboriginal people are disproportionately represented among those who are homeless.

More than 22.3 per cent of off-reserve Aboriginal households are in core housing need compared to 14.2 per cent for non-Aboriginal households (Statistics Canada 2006).

Women and Children Fleeing Violence

From 1999 to 2004, it is estimated that more than 100,000 women in B.C. were victims of spousal violence (Statistics Canada 2006). Women and children fleeing violent relationships require immediate access to safety, shelter, food, crisis intervention and social service referrals.

Low-Income Households

Approximately 64,900 households in British Columbia are unable to find housing that is suitable in size and in good repair without spending 50 per cent or more of their income on rent (Statistics Canada 2006).

Adding to this challenge is the extremely low vacancy rate in many areas.

New Home Buyers

Through our Homeowner Protection Office branch, BC Housing serves buyers of new homes and people arranging for new homes to be built, homeowners (particularly owners of homes with warranty insurance), developers, residential builders, building envelope renovators and owner-builders.

In 2010/11 there were more than 5,300 licences issued to residential builders (new and renewals), nearly 2,900 owner-builder authorizations issued (single detached homes) and nearly 24,000 new homes enrolled in home warranty insurance for the benefit of the buyers.

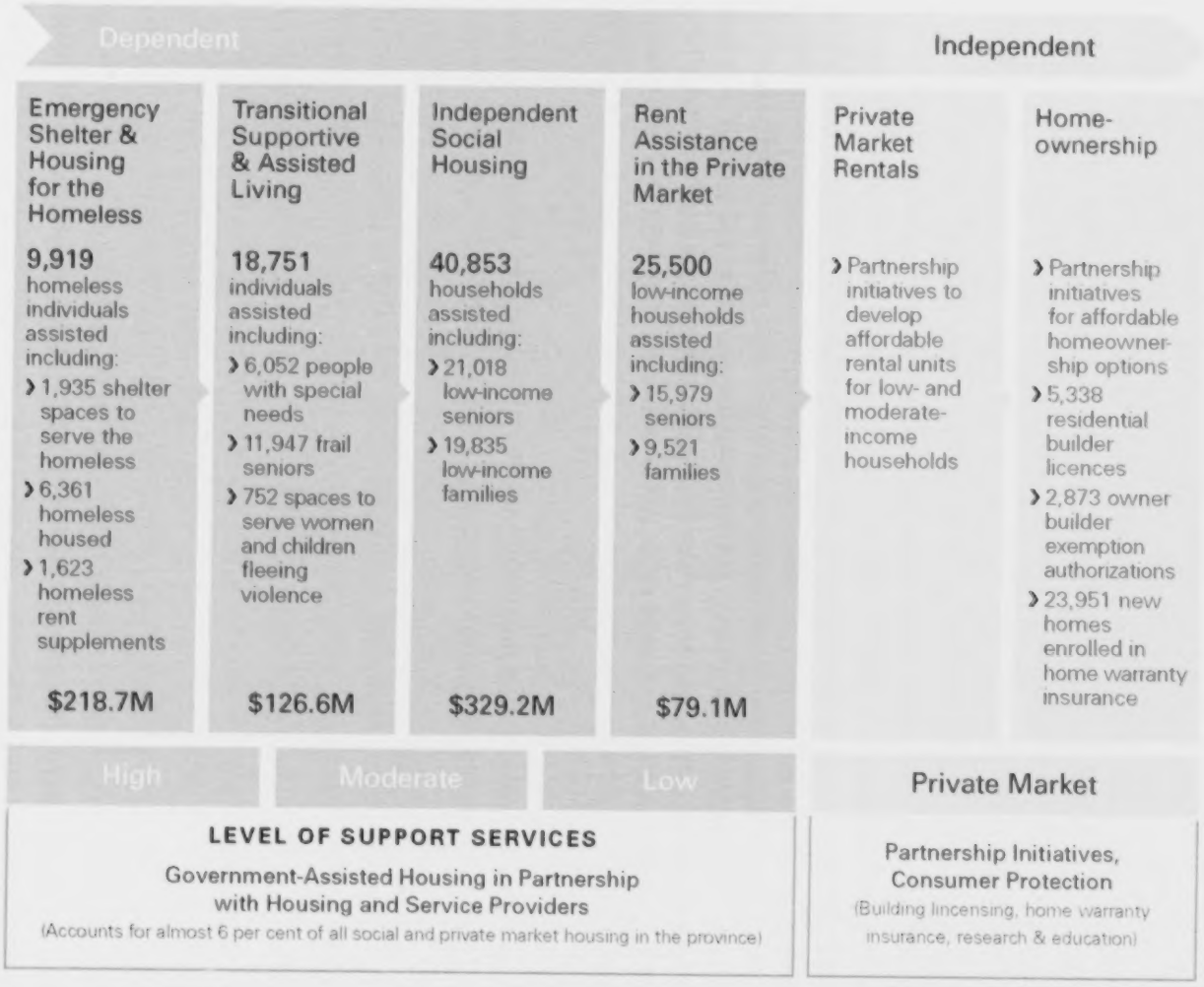
Research and education initiatives continue to be a cornerstone of consumer protection through creating partnerships for leading edge research, delivering Building Smart educational seminars for Licensed Residential Builders province-wide, and producing a range of publications on best practices in residential construction of the building envelope in multi-unit residential buildings for strata corporations.

BC Housing's Role in the Housing Continuum

BC Housing's role is to assist British Columbians in greatest need of affordable and appropriate housing by providing options along the continuum. The housing continuum extends from emergency shelter and housing for the homeless through to affordable rental housing and homeownership. Where there are gaps in the housing continuum, they are addressed through the creation of new housing options, adapting existing housing or through programs providing financial assistance in the private market.

Through new responsibilities under the *Homeowner Protection Act*, BC Housing also plays an important role at the home-ownership end of the housing continuum by licensing residential builders, administering owner-builder authorizations, over-seeing the third-party home warranty insurance system and carrying out research and education to improve the quality of construction of new homes.

The diagram below illustrates BC Housing's role within this continuum in 2010/11, including the portion that is government assisted with differing levels of support services as well as the development of rental and homeownership opportunities for low- and moderate-income households.


Dependent
Independent
Emergency Shelter & Housing for the Homeless
9,919 homeless individuals assisted including:
› 1,935 shelter spaces to serve the homeless
› 6,361 homeless housed
› 1,623 homeless rent supplements
$218.7M
Transitional Supportive & Assisted Living
18,751 individuals assisted including:
› 6,052 people with special needs
› 11,947 frail seniors
› 752 spaces to serve women and children fleeing violence
$126.6M
Independent Social Housing
40,853 households assisted including:
› 21,018 low-income seniors
› 19,835 low-income families
$329.2M
Rent Assistance in the Private Market
25,500 low-income households assisted including:
› 15,979 seniors
› 9,521 families
$79.1M
Private Market Rentals
› Partnership initiatives to develop affordable rental units for low- and moderate-income households
Home-ownership
› Partnership initiatives for affordable homeowner-ship options
› 5,338 residential builder licences
› 2,873 owner builder exemption authorizations
› 23,951 new homes enrolled in home warranty insurance
High
Moderate
Low
Private Market
LEVEL OF SUPPORT SERVICES
Government-Assisted Housing in Partnership with Housing and Service Providers
(Accounts for almost 6 per cent of all social and private market housing in the province)
Partnership Initiatives, Consumer Protection
(Building licensing, home warranty insurance, research & education)

How We Serve British Columbians

Every aspect of BC Housing's business is centered on our clients. We create relationships with key partners to work together to deliver our services. Below are descriptions of how we do business in partnership.

Delivery Partners

Housing assistance is provided through public, non-profit and co-operative housing, as well as through rent assistance to people living in the private rental market. We work in partnership with more than 800 non-profit housing societies, housing co-operatives and group home operators throughout the province to provide safe and affordable housing for people in need. We also partner with private operators to provide rent supplements for low-income seniors and people with disabilities living in private assisted living facilities.

Service Partners

BC Housing engages in innovative service partnerships that integrate housing and support services to meet tenants' needs and ensure stable tenancies. These service partnerships involve other levels of government, health authorities and service providers.

Contributing Partners

The investment required to create new social housing necessitates a partnership model. A public-private partnership model combines funds from all levels of government and leverages private, non-profit and charitable sources. Municipal governments can contribute through expediting approval processes, waiving development construction costs and offering reduced property taxes, as well as making land available. The federal government can contribute capital funding to support new and existing social housing. Funding for the ongoing delivery of government-subsidized housing comes from a number of different partners including BC Housing, other provincial ministries and the federal government.

Industry and Regulatory Partners

BC Housing works with a wide range of industry partners to strengthen consumer protection for buyers of new homes. Partners include Licensed Residential Builders and Building Envelope Renovators, warranty insurance providers, insurance brokers acting as agents for warranty providers, industry associations, other regulatory agencies such as the Financial Institutions Commission, educational organizations and building officials. A joint service delivery model involving other partners minimizes program costs.

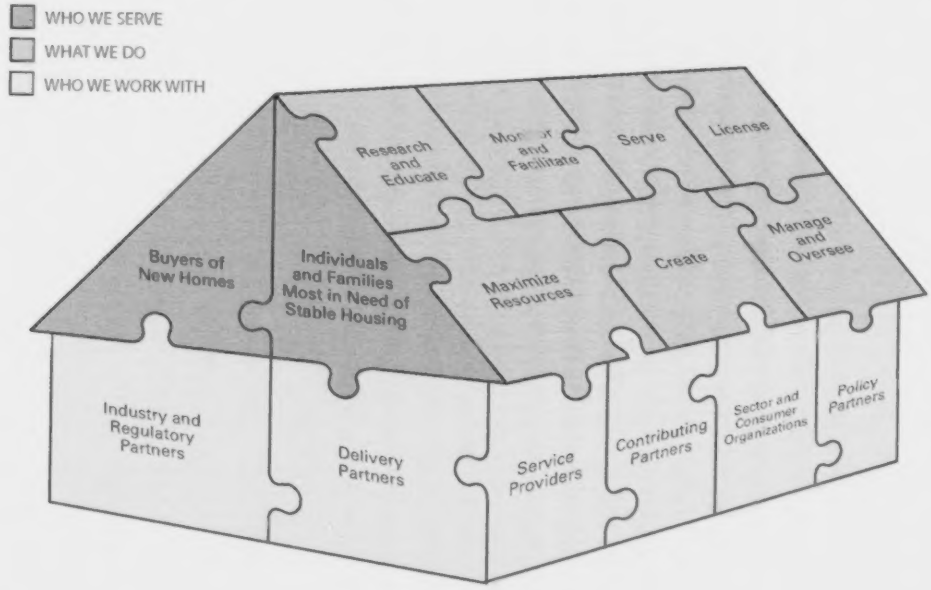
Research and education activities to improve the quality of residential construction continue to be funded primarily by builder license fees and owner-builder authorizations. However, BC Housing works with key industry groups and other levels of government to lever and attract additional funding for cost effective research and education initiatives in the residential construction sector.

Policy Partners

Our policy partners within the Ministry of Energy and Mines are responsible for provincial housing policy, building and safety standards and residential tenancy matters. By working collaboratively, government is able to ensure that BC Housing's programs and services are integrated and aligned with the provincial housing policy. Our partners across government also include the Ministry of Social Development, the Ministry of Health Services, and the Ministry of Aboriginal Relations and Reconciliation.

Sector and Consumer Organizations

BC Housing works collaboratively with housing sector and consumer organizations to create better outcomes and build stronger communities. Organizations include BC Non-Profit Housing Association, the Co-operative Housing Federation of BC, Shelternet BC, BC Society of Transition Houses, and consumer organizations such as the Condominium Home Owners' Association of BC.



Key Relationships

This diagram illustrates BC Housing's relationships with our key partners and how we work together to provide housing options and strengthen consumer protection.

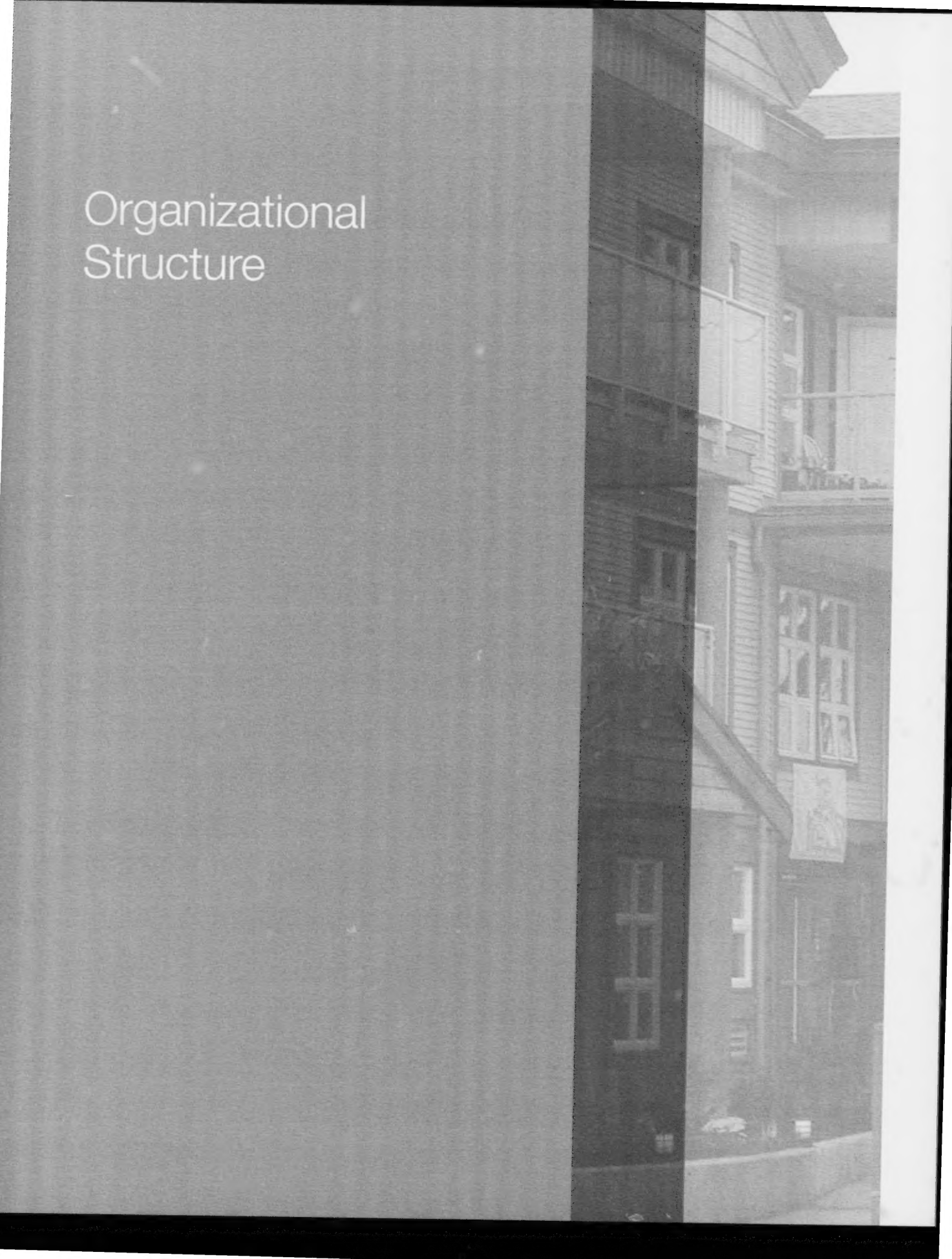
Building Smart

During 2010-2011, more than 2,600 licensed residential builders and construction industry professionals attended the Homeowner Protection Office's Building Smart seminars (44 seminars held in 21 communities across the province) to learn about changes to the BC Building Code and emerging green technologies. These seminars also explored more stringent energy performance requirements for new homes, including the need to provide building envelope performance suitable to support future, renewable energy solutions and technologies. Building Smart seminar series provides practical information on the most pressing issues, trends and topics in the residential construction industry.

Builders and construction industry professionals attend the Homeowner Protection Office's Building Smart seminar.

"Building Smart seminar series provides practical information on the most pressing issues, trends and topics in the residential construction industry."

Organizational Structure



Corporate Governance

Board of Commissioners

BC Housing is responsible to the Minister Responsible for Housing through a Board of Commissioners. The government appoints the Board to oversee policy implementation and direction and, in cooperation with senior management, to set strategic direction. The Board also monitors BC Housing's performance based on the province's planning and reporting principles. The Board delegates responsibility for the day-to-day leadership and management to the Chief Executive Officer.

The Board incorporates best practices into its governance procedures as guided by the Best Practice Guidelines on Governance and Disclosure for Public Sector Organizations.

Standing Committees of the Board of Commissioners

The following three standing committees support the role of the Board of Commissioners in fulfilling its obligations and oversight responsibilities.

1
Audit and Risk Management Committee

Ensures that the audit process, financial reporting, accounting systems, management plans and budgets, and the system of corporate controls and risk management are reliable, efficient and effective.

2
Corporate Governance Committee

Ensures that BC Housing develops and implements an effective approach to corporate governance. This enables the business and affairs of the Commission to be carried out, directed and managed with the objective of enhancing value to government and the public.

3
Human Resources Committee

Provides a focus on senior management human resource and compensation issues.

Standards of Conduct

The Standards of Conduct guide the conduct for the board, employees, consultants and contractors and suppliers. The Board of Commissioners adheres to the following standards of conduct when exercising its powers and performing the functions of the organization:

- To act honestly, in good faith and in the best interests of BC Housing;
- To exercise care, skill and diligence in decision making; and
- To follow ethical standards in order to avoid real or apparent conflict of interest between Commissioners' private interests and the interests of BC Housing.

Rebuilding a life at Friendship Lodge

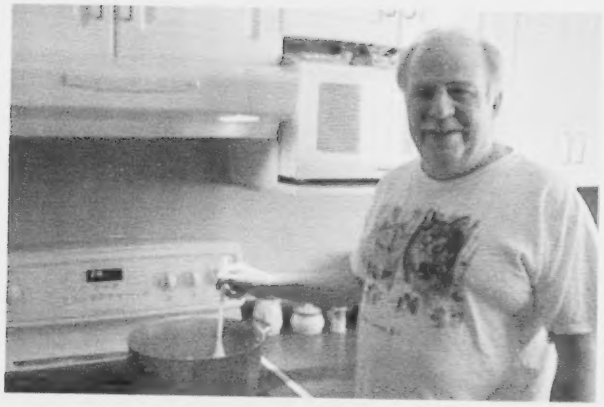
Gary didn't know the man who attacked him with a knife. But that incident triggered a chain of events that left Gary suicidal and unable to cope.

His physical injuries from the attack healed; but what Gary didn't realize was that he had extreme post-traumatic stress disorder. "I'd been a drinker for many years, but never out of control. You don't want to admit that you're crazy so I started drinking more. Then I started taking drugs."

Gary ended up in hospital, close to death. From there, he went to a short-term mental health and addiction facility and then to a detox centre. In December 2009, he moved into his current home at Prince George Native Friendship Centre's Friendship Lodge. This 30-unit complex funded by BC Housing provides affordable homes and a supportive atmosphere to help residents transition to greater stability.

At 59, Gary dreams of finding his own place. "Somewhere just out of town with a garden." In the meantime, he knows he has stable and affordable housing, and can continue to heal at Friendship Lodge. "It's been a big influence in my life. I wouldn't be alive and doing as well as I am without the Lodge."

"It's been a big influence in my life. I wouldn't be alive and doing as well as I am without the Lodge."



Gary lives at Prince George Native Friendship Centre's Friendship Lodge.

Organizational Chart

The following chart highlights BC Housing's key service areas and the responsibilities and accountabilities in each area (as of June 2011).

Minister of Energy and Mines and Minister Responsible for Housing, *Honourable Rich Coleman*

Board of Commissioners, *Brenda Eaton, Chair*

Chief Executive Officer, *Shayne Ramsay*

OPERATIONAL BRANCHES

Operations
Acting Vice President: Craig Crawford

- Provides access to subsidized housing
- Maintains the quality of existing social housing
- Oversees the management of public housing and group homes
- Administers operating agreements of shelter providers, women's transition house providers, outreach program providers, non-profit housing societies

Development Services
Acting Vice President: Armin Amrolia

- Facilitates the development of housing options through a range of programs serving the homeless, Aboriginals, frail seniors and other priority groups

Homeowner Protection Office
Vice President and Registrar: Wendy Acheson

- Carries out statutory responsibilities under the *Homeowner Protection Act* as Registrar of builder licensing and owner builder exemptions, and ensures compliance with the Act
- Monitors and facilitates the performance of the third-party home warranty insurance system

Asset Strategies
Vice President: Michael Blaschuk

- Provides portfolio planning and strategies for the maintenance, capital improvement, redevelopment and sustainability of social housing assets
- Coordinates major repairs, renovations, capital improvements and energy retrofits for social housing
- Administers the Housing Renovation Partnership

CORPORATE SUPPORT BRANCHES

Corporate Services
Vice President and Chief Financial Officer: Dan Maxwell

- Provides operational services including finance, information systems, research and planning, legal, program analysis, and business support
- Provides mortgage administration for BC Housing and the Provincial Rental Housing Corporation
- Carries out research and education related to residential construction and consumer protection

Human Resources
Vice President: Agnes Ross

- Recruits and trains staff
- Facilitates labour relations, negotiations, compensation, job evaluation, payroll, benefits management, employment equity and multiculturalism
- Oversees occupational health and safety
- Develops leadership, employee engagement and retention strategies

Corporate Communications
Vice President: Susan Thom

- Provides a broad range of internal and external communication services including communication strategies, media relations, issues management, housing events/ announcements, government and stakeholder relations, website management and publications

Relationship to the Provincial Rental Housing Corporation

The Provincial Rental Housing Corporation (PRHC) was incorporated in 1973 under the *Business Corporations Act* and exists solely as BC Housing's land-holding company. It holds provincially-owned social housing properties (public housing), and leases residential properties to non-profit societies and co-operatives. As of March 31, 2011, PRHC held properties with an original cost of $1.09 billion.

The Minister Responsible for Housing is the sole shareholder of PRHC. Because of its relationship with BC Housing, PRHC is administered by BC Housing. To ensure the appropriate governance links between the two entities, senior management of BC Housing serve as PRHC's Directors. PRHC does not employ any staff.

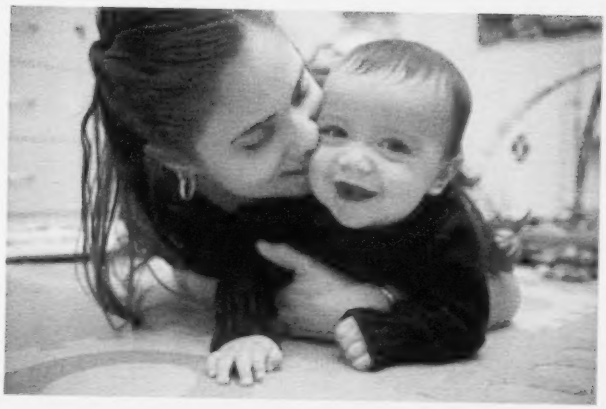
New Opportunities Made Possible

Life is looking great for Tina*. She and her three sons moved out of their public housing unit for a new home with lots of space for the boys to play. While living in subsidized housing, Tina completed a bachelor degree in business administration and then found a job in her field. She feels if she and her family stayed in public housing, they would be taking up space another family needs more.

Tina's life is now a far cry from May 2006 when she moved into public housing. At the time, her youngest child was just a month old and their old home was infested with rats. When her infant son turned three months, she returned to school, first getting her diploma and then her degree. The single mom's home with BC Housing meant she always knew she would have enough money to feed and clothe her children and they would have a safe place to live.

"Living in public housing meant a better quality of life and that we could afford a few extras," said Tina. "My experiences with public housing have shown me there are opportunities and services available that people can rely on."

*Name changed to protect the client's privacy.



"The single mom's home with BC Housing meant she always knew she would have enough money to feed and clothe her children and they would have a safe place to live."

Operating Context

Our success in meeting our goals, objectives, strategies and measures is influenced by many factors. The following is a summary of the internal and external operating context over the past year. A risk-management approach is used to assess challenges and opportunities, and to determine the appropriate strategies for responding.

EXTERNAL FACTORS	CHALLENGES	OPPORTUNITIES AND STRATEGIC RESPONSES
Strength of the Economic Recovery	Higher incidence of housing need and greater demand on programs	▪ Leveraged resources through partnerships ▪ Developed and implemented new strategies to deliver programs and services more efficiently and cost effectively ▪ Continued to identify opportunities to create more options along the housing continuum
	Fluctuating level of home construction activity affecting revenue collected from new and renewal builder licensing fees	▪ Adjusted level of program delivery related to our responsibilities under the *Homeowner Protection Act*, e.g., research and education
Pressures in the Rental Housing Market	Very little purpose-built rental housing is being constructed, and can be unaffordable for many people	▪ Preserved and protected existing affordable rental housing, including single room occupancy hotels, through strategic acquisitions ▪ Leveraged federal infrastructure funding for new rental housing through the *Seniors' Rental Housing* initiative ▪ Partnered with non-profit housing providers to create more affordable rental housing
Homelessness	To break the cycle of homelessness so that individuals, with outreach and supports, can successfully move from the street and shelter system into stable housing with supports	▪ Delivered homeless outreach and emergency shelter gateway services ▪ Established partnerships with local governments and housing providers for new supportive housing ▪ Continually improved integration of programs and services ▪ Monitored and reported outcomes
Not-In-My- Back-Yard (NIMBY)	Community opposition can emerge when developing new housing as a result of fear and uncertainty	Worked with housing partners to: ▪ Ensure that surrounding communities learn more about the developments ▪ Enable general public and local governments to deal with opposition and move towards acceptance of housing projects
Strong Demand for Affordable Housing	The demand for affordable housing exceeds the supply of resources as indicated by the more than 12,000 applicants currently listed in *The Housing Registry*	▪ Gave priority to those in greatest need ▪ Improved housing application and selection processes ▪ Improved ability to match applicants with suitable housing ▪ Piloted new models of support services in public housing buildings

EXTERNAL FACTORS	CHALLENGES	OPPORTUNITIES AND STRATEGIC RESPONSES
Aging Social Housing Portfolio	Some of the buildings that make up the social housing portfolio are aging, require repair, and their mortgages are beginning to expire; also some developments are located on large parcels of land in central locations that could potentially accommodate more housing	▪ Created a portfolio management framework that incorporates best practices for governance, portfolio planning, information management systems, investment analysis and stakeholder engagement ▪ Utilized the *Housing Renovation Partnership* to renovate and retrofit social housing in greatest need of repair throughout the province
Non-profit Sector Sustainability	B.C.'s social housing stock is supported by a large and diverse group of housing providers with a range of portfolios, experience and capacity	▪ Worked with the BC Non-Profit Housing Association and the Co-operative Housing Federation of BC to promote sharing of resources, expertise, research and best practices that will benefit the sectors
Enhanced Federal-Provincial Relationship	Participation from the federal government helps to respond more effectively to growing demand for affordable housing and the needs of the housing sector	▪ Created partnerships with the federal government for the delivery of new programs, e.g., *Seniors' Rental Housing* initiative, *Housing Renovation Partnership*
Aboriginal Capacity Building	The number of Aboriginal people living off-reserve who are homeless or in core housing need is higher than the incidence of need in the larger population	▪ Worked with the Aboriginal Housing Management Association to ensure the on-going successful transition and management of the devolved off-reserve Aboriginal housing portfolio ▪ Created new housing through the *Aboriginal Housing Initiative*
Environmental Sustainability	As much of the existing housing stock has been constructed over the past two to three decades, there are challenges associated with reducing greenhouse gas emissions in these buildings	▪ Carried out energy audits and retrofits on social housing buildings ▪ Implemented our *livegreen: Housing Sustainability Plan* that is focused on sustainability improvements in new and existing social housing
Effective Management Strategies	BC Housing and housing providers share a common interest in establishing effective program management strategies that strive for innovation and harmonization	▪ Worked with housing providers to implement effective strategies ▪ Identified opportunities to strengthen our relationship with non-profit housing providers

Mission's first supportive housing development

The first development funded by the *Housing Renovation Partnership* to celebrate its opening was Rivendell in Mission. It is also that city's first supportive housing development, completing a continuum of care for Mission.

Located outside of Mission's downtown district, Rivendell has 44 self-contained apartments. Each room includes a two-piece washroom, while the common areas include shared bathing rooms, a kitchen, dining area, and recreation rooms.

The *Housing Renovation Partnership* is a $365 million joint investment which includes funding through Canada's Economic Action Plan and the Province of British Columbia. In the case of Rivendell, the two levels of government provided $865,905 for renovations to the former residential care facility.

Rivendell now provides transitional housing where people receive the support they need to move beyond shelters to a more permanent and stable form of housing. Support services for the tenants are provided through 24/7 staff coverage provided by Mission Community Services Society.

Rivendell is a 44-unit transitional supportive housing development in Mission for individuals who are homeless or at risk of homelessness.

"Rivendell now provides transitional housing where people receive the support they need to move beyond shelters to a more permanent and stable form of housing."

Report on Performance

This section sets out BC Housing's Report on Performance for 2010/11. Performance targets were established in the 2010/11 Service Plan. Targets for 2011/12 to 2013/14 are also shown for convenience.

Our Performance Measurement Framework (PMF) provides strong linkages with the province's key strategies as set out in *Housing Matters BC*. We continue to focus on ensuring alignment with our long-term strategies and shorter term goals and objectives, and work to strengthen our reporting and measurement framework.

An overview chart of our PMF is shown on pages 26 and 27. Further information on our PMF and performance measure targets can be found in the appendices:

Appendix A – Changes in Reporting
Appendix B – Disclosure of Key Reporting Judgments

BC Housing's PMF in the 2010/11 – 2012/13 Service Plan was adjusted to include one additional goal, two new objectives and two new performance measures related to BC Housing's new responsibilities under the *Homeowner Protection Act* as of April 1, 2010. The 2010/11 Annual Report is the first time these performance measures have been reported on by BC Housing.

BC Housing's Performance Overview 2010/11

GOAL	OBJECTIVE	MEASURE
Goal 1: Respond to gaps in the housing continuum	Increasing housing options	Number of new units/beds created in priority areas
		Number of new households assisted through rent assistance programs
	Adapt existing stock to target resources to vulnerable households	Number of existing units adapted to higher priority needs
Goal 2: Protect and manage existing housing for the long-term	Maintain the quality of existing assets	Percentage of clients reporting satisfaction with the quality and safety of their housing
		Percentage of social housing providers meeting financial and operational standards
	Adequate provisions for future requirements	Ratio of replacement reserve contributions to actual expenditures
Goal 3: Provide access to appropriate housing and services for vulnerable British Columbians	Ease of access to housing	Percentage of new applicants reporting satisfaction with the process
		Percentage of homeless individuals accessing housing who remain housed six months after placement
	Available housing targeted to vulnerable citizens	Percentage of clients belonging to priority groups in subsidized housing
Goal 4: Help bring about improvements to the quality of residential construction and strengthen consumer protections	Compliance with the *Homeowner Protection Act*	Builders' rating of the effectiveness of compliance efforts to monitor and enforce licensing and home warranty insurance requirements and the owner builder exemption[7]
	Informed and protected consumers	Homeowner satisfaction with home warranty insurance on their new home
Goal 5: Organizational excellence	Financial and operating success	Controllable administration costs as percentage of program delivery costs
		Per-square-foot construction costs
	Environmental leadership in the housing sector	Percentage reduction in greenhouse gas emissions from 2005 levels
	High level of employee engagement	Employee engagement index

08/09 RESULTS	09/10 RESULTS	10/11 TARGET	10/11 RESULTS		11/12 TARGET	12/13 TARGET	13/14 TARGET
1,794	1,755	1,481	**1,812**	Target achieved	1,797	1,295	638
9,007	7011	5,000	**7,406**	Target achieved	6,000	5,000	5,000
1,212	1,248	950	**1,138**	Target achieved	950	950	950
77%	74%	74%	**71%**	Target not met	75%	76%	76%
93%	90%	90%	**92%**	Target achieved	90%	90%	90%
1.15:1	0.99:1	1.04:1	**0.95:1**	Target not met	Measure to be replaced in 2011/2012		
87%	89%	90%	**88%**	Target not met	90%	90%	90%
87%	86%[1]	85%	**83%**	Target not met	85%	85%	85%
82%	85%	83%	**86%**	Target achieved	84%	84%	84%
Not surveyed	74%	Not surveyed	**Not surveyed**	Not applicable	82%	Not surveyed	84%
81%	Not surveyed	85%	**76%**	Target not met	Not surveyed	88%	Not surveyed
8.2%	8.2%	10% or less	**7.8%**	Target achieved	10% or less	10% or less	10% or less
3.95%	4.3%	Within 5%	**6.27%**	Target not met	Within 5%	Within 5%	Within 5%
2%	7%	15%	**25%**	Target achieved	5%	5%	5%
Top quartile	Top quartile	Top quartile	**Top quartile**	Target achieved	Top quartile	Top quartile	Top quartile

[1] The original 2009/10 result reported for this measure was 89 per cent as the measure only reported on individuals housed through either the *Homeless Outreach Program* or *Aboriginal Homeless Outreach Program*. In 2010/11 the *Emergency Shelter Program* was incorporated into this measure, therefore the 2009/10 result was recalculated to enable us to provide a relevant comparison between years. The inclusion of the *Emergency Shelter Program* result for 2009/10 of individuals housed and whose housing status could be verified and who remained housed at their six month anniversary of being housed changed the year end result for this measure from 89 per cent to 86 per cent.

BC Housing cuts GHGs by 25%

With responsibility for 7,200 public housing units across the province, BC Housing has a significant carbon footprint. So it makes sense to focus on energy savings.

"We became carbon neutral in 2010 in large part through energy retrofits," said Chief Executive Officer Shayne Ramsay. "Many of our housing sites are undergoing extensive renovations including building envelope replacements, which contributed to a reduction of greenhouse gas emissions (GHG) in our directly managed buildings by 25 per cent compared against our 2005 baseline, exceeding our already ambitious target of 15 per cent."

This pro-active approach to energy management includes the largest residential solar panel installation in Western Canada at Greenbrook, a public housing site in Surrey. The project achieved a GHG reduction of 86 per cent and reduced energy use by an impressive 45 per cent. In addition, the building envelope and sustainability upgrades have extended the life of the 28 building complex by at least 30 years. "The difference is night and day," said a tenant. "Most importantly, there are no more draughts and everything is insulated properly. It's improved our sense of living and we're saving money on our heating bills."

Environmental improvements and building envelope repairs contribute to BC Housing's reduction in GHG emissions.

Goal 1 – Respond to Gaps in the Housing Continuum

One of our key goals is to respond to gaps along the housing continuum and expand the range of housing choices and supports for British Columbians in greatest need. We do this by creating new subsidized and supportive housing units through our housing supply programs and initiatives, providing direct cash assistance to low-income seniors and families renting in the private market, and adapting existing social housing. Each of these strategies is reliant on establishing successful partnerships with non-profit housing providers, government partners, the private sector and community organizations.

Objective: Increasing Housing Options

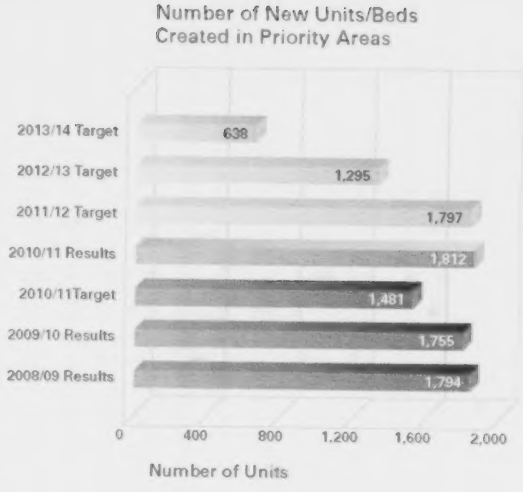
MEASURE: NUMBER OF NEW UNITS/BEDS CREATED IN PRIORITY AREAS

Importance of the Measure

This measure monitors BC Housing's performance with respect to creating new units on the supportive end of the housing continuum. Through our programs we are able to add new housing units for priority groups such as frail seniors, Aboriginal households, persons with physical and mental disabilities as well as individuals who are homeless, many of whom are living with mental illness, addictions and other challenges.

The provision of affordable rental housing for low- and moderate-income seniors and disabled individuals is also a priority. As such, the federal-provincial program *Seniors' Rental Housing* initiative was created in 2009/10. Units created under this program are also included in this measure and are identified below.

The targets are based on the completion of new units (or short-stay emergency beds in some cases) under existing funding programs, such as *Provincial Homelessness Initiative, Independent Living BC,* Memoranda of Understanding negotiated with local governments, *Community Partnership Initiatives, Aboriginal Housing Initiative* and the federal-provincial *Seniors' Rental Housing* initiative.



Performance Results

In 2010/11, we created 1,812 new units, thereby surpassing our target of 1,481 through a combination of lower construction costs, increased provincial funding and innovative partnerships.

This includes 243 units under the *Provincial Homelessness Initiative,* 474 under the *Community Partnership Initiative,* 77 under the *Aboriginal Housing Initiative,* and 254 units created under a Memoranda of Understanding with local governments. In addition, there were 84 short-stay shelter beds created, and 426 units under the *Seniors' Rental Housing* initiative. These units were added in 34 communities throughout the province.

For a more detailed breakdown of all the new units created, please see Appendix B – Disclosure of Key Reporting Judgments.

Objective: Increasing Housing Options *(continued)*

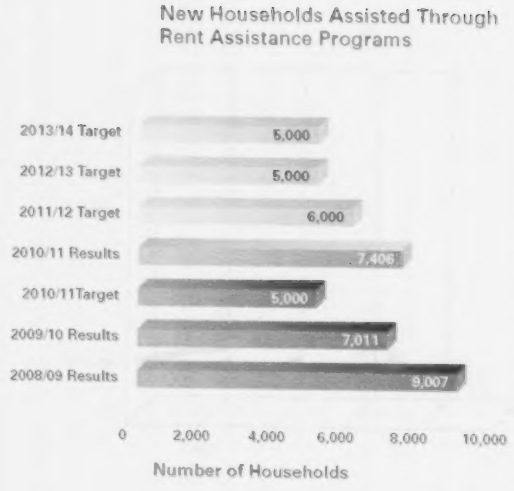
MEASURE: NUMBER OF NEW HOUSEHOLDS[2] ASSISTED THROUGH RENT ASSISTANCE PROGRAMS

Importance of the Measure

This measure monitors the success of BC Housing's rent assistance programs, *Shelter Aid For Elderly Renters* and the *Rental Assistance Program*, in improving access by low-income households to affordable rental housing.

These programs assist working families and seniors who do not have enough income to secure housing in the private rental market by helping to bridge the gap between what a household can afford to pay and market rents, thereby providing a greater range in housing choice.

Target levels reflect estimated program take-up based on past trends as well as the projected level of future demand for the client groups.



Performance Results

In 2010/11, 7,406 new households received financial assistance. This includes 4,123 low-income families and 3,283 senior households, surpassing the target of 5,000 new households for 2010/11. The greater than expected uptake of recipients is likely attributed to the downturn in the economy and the impact of this on the job market and incomes which together contributed to a larger number of families eligible for assistance.

[2] A new household is defined as a household that is receiving rent subsidies for the first time, or a household that is re-entering the relevant program after a minimum of three months without any subsidy. Please see Appendix B: Disclosure of Key Reporting Judgments for more information.

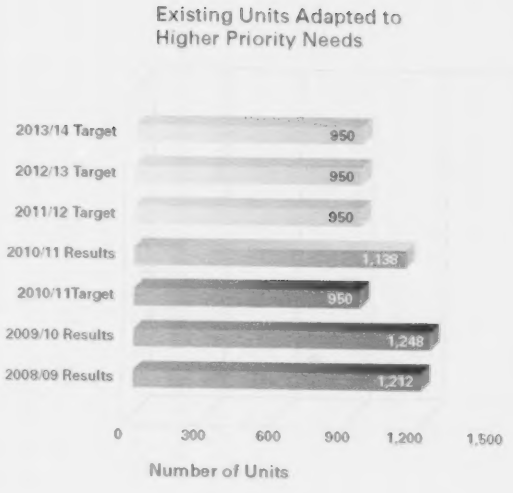
Objective: Adapt Existing Housing Stock to Target Resources to Those Most in Need

MEASURE: NUMBER OF EXISTING UNITS[1] ADAPTED TO HIGHER PRIORITY NEEDS

Importance of the Measure

This measure monitors BC Housing's performance in ensuring that those most in need receive priority for housing assistance through the conversion, adaptation or re-targeting of existing social housing units. Partnerships, including those with local health authorities, government ministries, local agencies and service providers, are critical to achieving our targets.

Targets are based on historical data on the number of individuals and households assisted through the *Health Services Program* and *Priority Placement Program*, as well as other partnership initiatives. The targets also reflect the expected availability of resources as well as past experience in finding suitable partnership opportunities in the community.



Performance Results

For 2010/11, we were able to exceed the target of 950 housing units by adapting 1,138 existing units for priority groups. This increase was in part due to increased provincial funding for housing higher priority tenants. There were 660 individuals with a mental illness or alcohol and drug addiction assisted through the *Health Services Program* and 91 women and children fleeing abuse were assisted through the *Priority Placement Program*. There were 55 units adapted under the *Seniors' Supportive Housing*. The *Supportive Housing Registration* – and improved screening allowed for more successful matching of applicants with appropriate housing and services in Vancouver, which contributed to exceeding the target.

[1] The term unit applies to homes, rooms, beds and people served.

Goal 1: Future Directions

The creation of new units, in partnership with housing providers, community organizations and government partners remains a priority. As we continue to move forward with new initiatives to build social housing for those in greatest need, of particular importance will be the ongoing development of supportive housing for the homeless as identified through Memoranda of Understanding with local governments.

Additionally, we continue to work with our partners in the non-profit and private sectors to explore opportunities to create more housing options at the affordable rental end of the housing continuum.

We continue to adapt existing social housing to meet changing needs, and where possible, continue to establish partnerships with community groups and service providers to increase access to social housing and support for people who are in greatest need.

Goal 2 – Protect and Manage Existing Housing for the Long-Term

Supported through partnerships with non-profit societies, the current social housing portfolio in British Columbia represents home for approximately 66,500 individuals and families. This housing contributes to the quality of life for residents and to the social fabric of communities. Of the entire portfolio, BC Housing directly manages 7,200 homes which are considered public housing.

To ensure there are adequate housing options available to support those in need, our strategies to meet this goal include annual enterprise portfolio planning to provide a greater focus on strategies for the maintenance, capital improvement, redevelopment and sustainability of the public housing stock. We are also working with our sector partners towards the creation of a province-wide capital asset plan for the non-profit housing sector. Funding under the *Housing Renovation Partnership* will enable us to revitalize many social housing developments in need of renovation and retrofit.

Our performance in meeting this goal is measured from a variety of perspectives, including tenant satisfaction, the success of social housing providers in meeting financial and operational targets, and the level of funding set aside for future improvements to the housing stock.

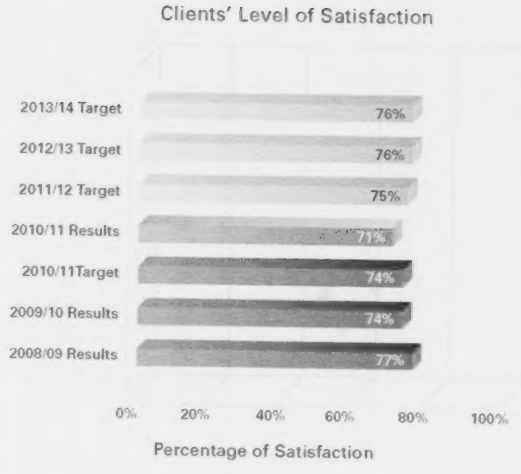
Objective: Maintain the Quality of the Existing Assets

MEASURE: PERCENTAGE OF CLIENTS REPORTING SATISFACTION WITH THE QUALITY AND SAFETY OF THEIR HOUSING

Importance of the Measure

Feedback from tenants living in public housing is obtained through an annual survey. The results help us to determine whether tenants are satisfied with their housing and receiving the services and support they need. Year-over-year results are analyzed across developments and client groups, thereby helping to provide important insight that is used to strengthen and improve the services we provide.

The measure reports on the percentage of tenants indicating that they are either "very satisfied" or "satisfied" with their overall housing situation including the quality and safety of their housing.



Performance Results

For 2010/11, 71 per cent of tenants living in housing managed by BC Housing reported that they were "very satisfied" or "satisfied" with their overall housing situation. The results are lower than the established target of 74 per cent and likely reflect the impact of renovations being carried out through the *Housing Renovation Partnership*. Strategies are being put into place to conduct repairs more quickly and to improve communications and tenant supports where needed.

In August 2010 the tenant survey was made available to all tenants residing in BC Housing's directly managed properties with tenants able to complete and submit the survey by mail or online. Over 1,900 tenants responded to the survey, representing a 31 per cent response rate.

Objective: Maintain the Quality of the Existing Assets *(continued)*

MEASURE: PERCENTAGE OF SOCIAL HOUSING PROVIDERS MEETING FINANCIAL AND OPERATIONAL STANDARDS

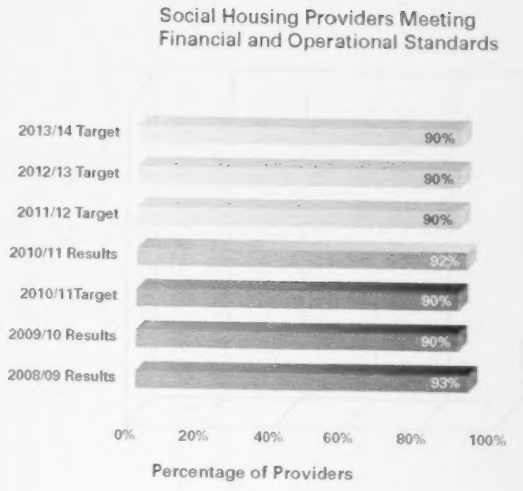
Importance of the Measure

This measure tracks the extent to which social housing is well-managed, well-maintained, and protected for the long-term through financial and operational reviews. The operational review process is based upon site and building reviews designed to assess housing provider performance in the following key areas: maintenance and building inspections, financial management, resident management, information and records management, and human resource management. A score is assigned based on the assessment and appropriate follow-up actions taken.

The established target of 90 per cent over the service planning period anticipates that the housing sector will continue to perform and that problems are addressed on an on-going basis.

Performance Results

The 2010/11 target of 90 per cent of housing providers reviewed meeting an acceptable standard of financial and operating standards was exceeded with a result of 92 per cent. Where standards are not being met, a management team works with the housing provider to address identified issues.



A detailed review of the operational review process, through which data for this measure is obtained, was undertaken in 2010/11 in consultation with housing providers.

The review and consultation have resulted in the development of a more streamlined review process, providing increased transparency and a clearer, more simplified process for the housing providers. Additionally, new processes are intended to provide improved alignment and integration with the physical condition of the building (Facility Condition Index) and the society's financial standing. The potential impact of this new process on the measure and methodology will be examined in the coming year.

Objective: Adequate Provisions for Future Requirements

MEASURE: RATIO OF REPLACEMENT RESERVE CONTRIBUTIONS TO ACTUAL EXPENDITURES

Importance of the Measure

A replacement reserve is money set aside to refurbish or replace building components (such as roofs and appliances) that wear out over the life of a building. While the ultimate test is whether sufficient funds are available when the refurbishment is needed, an important interim test is whether sufficient money is set aside to cover a building's expected expenses over its remaining lifetime.

The reserve contribution/expenditure ratio changes with the age of buildings. The annual contribution stays the same, based on a life costing model, but the older the building, the more expenditure is required to maintain it. Hence, in the early life of a building, the ratio is high because contributions exceed expenditures. Similarly, as the building ages, the ratio falls as surplus funds are drawn down to meet the higher costs of an older building. The targeted ratio of 1.04:1 for 2010/11 means that for every $1.04 contributed to the replacement reserve, $1.00 will be spent on maintenance. This targeted ratio for 2010/11 was selected because it was appropriate for the age and quality of the non-profit portfolio.

Performance Results

The ratio of contributions is 0.95:1, lower than the target of 1.04:1 for 2010/11.

This measure will be replaced in 2011/12 with the introduction of the Facility Condition Index (FCI) of sites in the social housing portfolio. The FCI is a valuable strategic decision-making tool and a more robust option for enhanced asset management.

Goal 2: Future Directions

Over the next two years, BC Housing will continue its revitalization projects at over 100 social housing developments in need of repair and renovation across the province under the *Housing Renovation Partnership*, thereby extending the life of these buildings for years to come. Operational and financial review processes will continue to be strengthened collaboratively with the non-profit sector and will likely result in revisions to performance reporting in this area.

BC Housing has been developing long-term strategies for our housing assets, bringing a stronger focus and greater capacity to plans for the maintenance, capital improvement, redevelopment and environmental sustainability of the public housing stock. The FCI measure will be a valuable tool for the identification, prioritization and management of BC Housing's assets and associated capital and maintenance works.

Goal 3 – Provide Access to Appropriate Housing and Services for Vulnerable British Columbians

Ensuring that low-income individuals and families in greatest need have access to the housing and support services they require is one of BC Housing's highest priorities. Many households face significant barriers to accessing housing in the private market, either as a direct result of financial challenges or in combination with a disability, health issue, mental illness, addiction or other serious circumstances such as domestic violence.

Access to subsidized housing, from emergency shelter and transition houses to long-term supportive housing, plays a critical role in providing stability and needed services. Given the urgency of need, it is important to ensure that these limited housing resources are used as effectively as possible.

Our strategies to meet this goal include the implementation of measures to break the cycle of homelessness and connecting individuals to the housing continuum through emergency shelter services and homeless outreach. We have also enhanced our housing application and selection processes to improve our ability to match applicants in greatest need with suitable housing, and piloted new models of on-site support services in public housing.

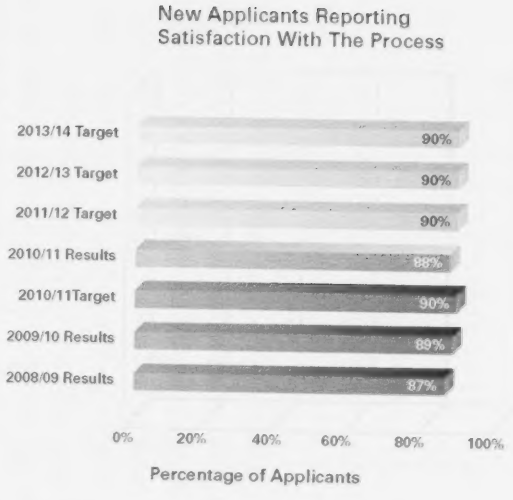
Objective: Ease of Access to Housing

MEASURE: PERCENTAGE OF NEW APPLICANTS REPORTING SATISFACTION WITH THE PROCESS

Importance of the Measure

This measure monitors our performance from an applicant perspective need when applying for housing assistance. It is an important customer feedback mechanism designed to strengthen and improve our business processes.

This measure reports on the percentage of applicants indicating that they are either "very satisfied" or "satisfied" with the application process including information that they received and the assistance provided through BC Housing. Satisfaction levels are monitored closely to review the effects of revised tenant eligibility and selection processes (to prioritize applicants based on the depth and urgency of their housing need) and the higher level of detailed application information required for priority access to housing.



Performance Results

In 2010/11, 88.1 per cent of applicants were satisfied with the process, slightly below the target of 90 per cent. A contributing factor is a decrease in the number of processing staff early in the reporting period, and consequently longer response times for calls and inquiries from applicants. We have since redeployed resources and are investigating improvements to ensure we meet our target.

Objective: Ease of Access to Housing *(continued)*

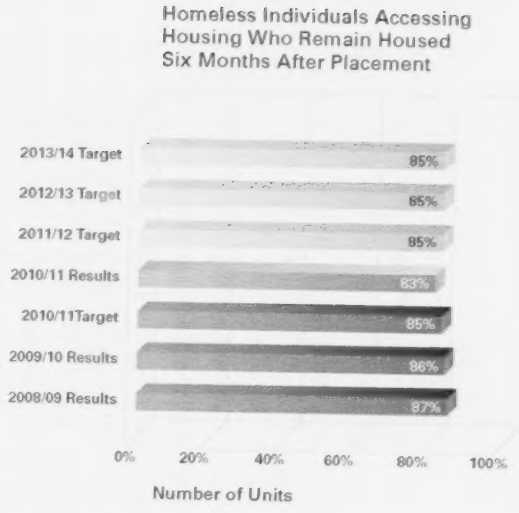
MEASURE: PERCENTAGE OF HOMELESS INDIVIDUALS ACCESSING HOUSING WHO REMAIN HOUSED SIX MONTHS AFTER PLACEMENT

Importance of the Measure

Measuring the percentage of homeless individuals accessing housing and remaining housed six months after placement will enable BC Housing to assess programs and initiatives that have been put into place to break the cycle of homelessness and shift our efforts to be more focused on outcomes. This measure takes into account the number of homeless people who become housed, through emergency shelter services and homeless outreach programs, in stable accommodations and in many cases with appropriate supports in place. Monitoring housing status at six months is an indicator of stabilization, and the longer an individual is housed, the greater the likelihood they will remain housed.

Performance Results

Eighty-three per cent of the individuals housed through homeless outreach programs the full-year of reporting from April 1, 2010 to March 31, 2011 remained housed after six months. This calculation is based on the number of individuals that providers were able to contact after six months.



Based upon historical results, the 2010/11 target was set at 85 per cent. Previously, this measure had only reported on individuals housed through the *Aboriginal Homeless Outreach Program* and the *Homeless Outreach Program*. However, the inclusion of the *Emergency Shelter Program* into this measure in 2010/11 had an impact on the overall result because this program recorded a slightly lower percentage of individuals whose housing status could be verified and who remained housed at the six month anniversary. Specifically, the overall result of 83 per cent is an average of the number of individuals housed through the *Aboriginal Homeless Outreach Program* and the *Homeless Outreach Program* (87 per cent) and the *Emergency Shelter Program* (79 per cent). The lower percentage in the Emergency Shelter Program is likely associated with resourcing issues affecting the ability of shelter providers to carry out follow-up with their clients. We are developing new strategies to address this situation. Additional information for this measure is provided in Appendix B: Disclosure of Key Reporting Judgments, to provide details and context related to the methodology, data sources and reliability.

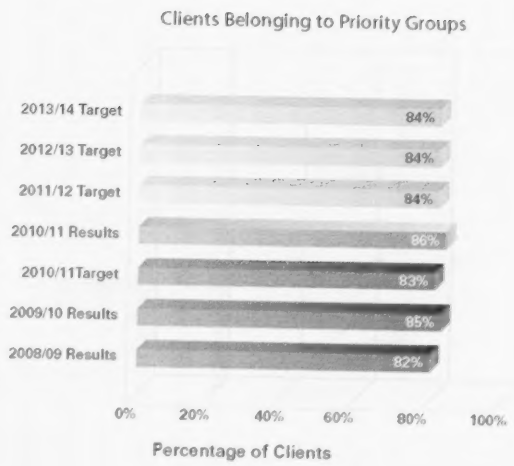
Objective: Available Housing Targeted to those Most in Need

MEASURE: PERCENTAGE OF CLIENTS BELONGING TO PRIORITY GROUPS IN SUBSIDIZED HOUSING

Importance of the Measure

This measure allows us to track our performance in ensuring that those in greatest need receive priority assistance for housing. For the purposes of this measure, low-income or frail seniors, persons with physical or mental disabilities, those with mental illness, women and children who have experienced domestic violence, those facing alcohol and drug addiction challenges, Aboriginal families and individuals, and those who are homeless or at risk of homelessness are considered to be among those in priority groups.

The targets are set to reflect the projected number of social housing households that fall within one of the designated priority groups, as well as the anticipated number of new and acquired housing units, all of which are targeted to priority groups, coming on stream during the service planning period.



Performance Results

As of March 31, 2011, 86 per cent of all households receiving housing assistance were within one of the identified priority groups, exceeding the target of 83 per cent. This increase reflects the creation of new subsidized housing as well as an increase in the number of existing units adapted for higher priority needs.

Goal 3: Future Directions

Ensuring that those in greatest need have access to housing and support services remains an ongoing priority for BC Housing. We continue to build on existing partnerships and seek opportunities to create new partnerships with housing providers and community organizations. These partnerships enable us to deliver outreach, shelter and supportive housing services to those most in need. With our government and community partners we continue to focus on improved integration of programs and services that play a critical role in moving people from the street to stable housing, ensuring that the supporting services assist people to remain housed, thereby breaking the cycle of homelessness. Monitoring and reporting on these kinds of outcomes underpins the valuable work undertaken. Our participation in the Homelessness Intervention Project and establishment of the *Supportive Housing Registration Service* are examples of strong government and community partnerships leading to positive outcomes for the homeless.

The purchase and renovation of single room occupancy hotels, at various locations throughout the province, provides additional housing for individuals, assisting them to break the cycle of homelessness. In many instances, this housing is the first step on the path towards more independent housing.

Work continues with the sector partners and service providers to finalize a program framework and monitoring tools that support the *Women's Transition Housing and Supports Program*. This program continues to focus on strengthening links to the housing continuum for women and children fleeing violence.

Strategies, including the introduction of an online application system designed to help expedite processing times, are being developed to ensure that individuals and families living in public housing have easier access to our programs.

Goal 4 – Help Bring About Improvements to the Quality of Residential Construction and Strengthen Consumer Protections

Under the *Homeowner Protection Act* a wide range of activities are carried out by BC Housing in partnership with industry, warranty providers and consumer organizations to provide consumer protection for buyers of new homes and ensure continuous improvements in the quality of residential construction. These activities strengthen consumer confidence and support a thriving residential construction sector in British Columbia.

Our strategies to meet this goal include working collaboratively with industry and consumer representatives to "raise the bar" of professionalism in residential construction, and using best practices for the administration of the Homeowner Protection Office's compliance and enforcement functions. We also develop consumer information guides on new home warranty insurance and provide an enhanced public registry of all licensed builders and new homes enrolled under the *Homeowner Protection Act*. Our research and education initiatives identify knowledge gaps and disseminate research to support quality residential construction and consumer protection.

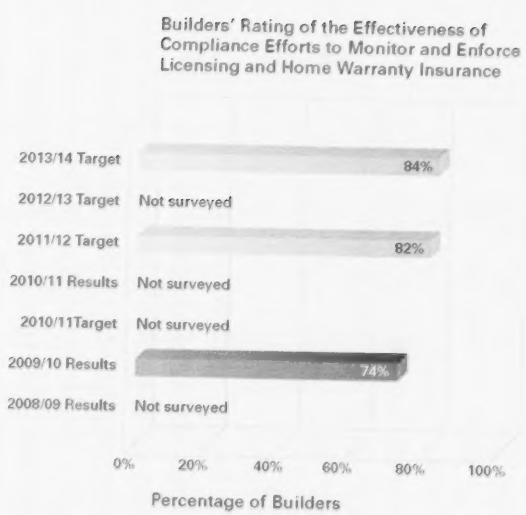
Objective: Compliance with the *Homeowner Protection Act*

MEASURE: BUILDERS' RATING OF THE EFFECTIVENESS OF COMPLIANCE EFFORTS TO MONITOR AND ENFORCE LICENSING AND HOME WARRANTY INSURANCE REQUIREMENTS AND THE OWNER BUILDER EXEMPTION

Importance of the Measure

This measure is an indicator of the overall health of the builder licensing, home warranty insurance and owner-builder exemption system whereby compliance issues are dealt with quickly and effectively. This assessment is best done by industry participants (builders) who operate their businesses within the regulatory framework established by the *Homeowner Protection Act*.

The target is based on past trends and projects further improvements in the builders' rating of compliance efforts. This bi-annual measure is not reported on in 2010/11.



Objective: Informed and Protected Consumers

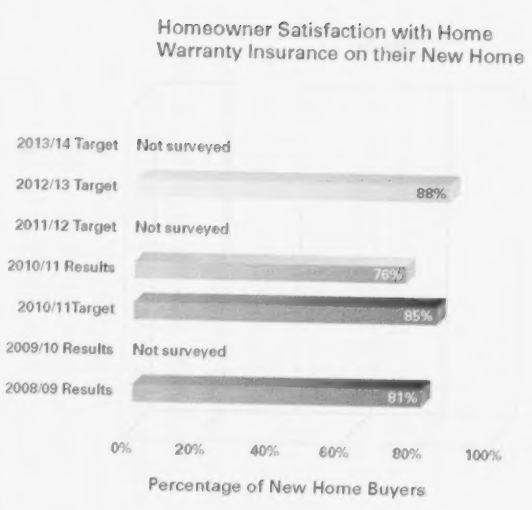
MEASURE: HOMEOWNER SATISFACTION WITH HOME WARRANTY INSURANCE ON THEIR NEW HOME

Importance of the Measure

Buying a new home can be one of the largest investments that an individual or family will make in their lifetime. It also provides a strong sense of stability and security. This measure tracks homeowner satisfaction with the protection provided by home warranty insurance. Higher levels of satisfaction are supported by consumers' understanding of the home warranty insurance product (including knowledge of their obligations related to warranty insurance), an informed home-buying process, the quality of construction of their homes and the extent to which a defect, if it occurs, is adequately addressed and resolved.

Targets are based on past trends and reflect improved performance in future years.

Performance Results



The result of 76 per cent for the 2010/11 year is below our target of 85 per cent. The targets are based on a third-party survey. Results were lower than expected and reflect, in part, a tendency for homeowners to be less satisfied in the later years of their 2-5-10 warranty insurance period. For example, results among owners of homes that are less than two years old averaged 87 per cent compared to 58 per cent among owners with homes that are greater than two years old. A review of the responses where respondents indicated they were not satisfied with their home warranty identified that the respondents lacked familiarity with both the scope and strength of the warranty.

Survey trends are being analyzed and additional strategies are underway to address homeowner satisfaction including improved education and awareness about warranty insurance as well as work to increase awareness through the newly released *Residential Construction Performance Guide*. The purpose of this guide is to help homeowners and builders know if a possible defect may be covered by home warranty insurance, and also to help builders meet or exceed the standard to which new homes will be measured in the event of a claim. This includes the recent release of the *Residential Construction Performance Guide*. The guide helps to set out the required performance of new homes covered by home warranty insurance in British Columbia for the benefit of homeowners, residential builders and warranty insurance providers.

Goal 4: Future Directions

Professionalization of the residential construction sector will continue to be a priority moving forward through a collaborative process with industry and consumer representatives to "raise the bar" in the industry. We will also promote new and existing products and related education initiatives for consumers, specifically access to the *New Home Registry*, consumer guides on buying a home and the home warranty insurance system, and maintenance bulletins for owners of new homes. Through our *Building Smart* seminars, held in more than 20 communities in the province, we will continue to support and disseminate research and education initiatives relative to the continuous improvement of residential construction in B.C., and facilitate the use of this research in the development and application of best practices and standards. Research and education programs will focus on the integration of new building technologies that support quality and cost effective residential construction.

Goal 5 – Organizational Excellence

Providing cost-effective solutions and value for money is central to BC Housing's success in carrying out our mandate. Our strategies include identifying organizational and operational efficiencies, and ensuring that appropriate structures and processes are in place to control costs and manage risks. Our *People Strategy* supports organizational excellence by building on the skills, energy, talent and passion of the staff who work at BC Housing.

Providing environmental leadership in the housing sector by setting targets to reduce greenhouse gas emissions and also ensuring social housing buildings contribute to sustainable community development are a key component of this goal. As such, the measure has been enhanced to broaden the existing scope and provide further opportunities for us to demonstrate government's commitment to our *livegreen: Housing Sustainability Plan*.

Objective: Financial and Operating Success

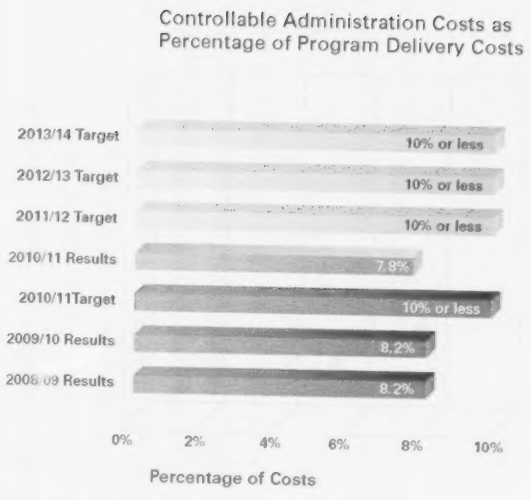
MEASURE: CONTROLLABLE ADMINISTRATION COSTS AS A PERCENTAGE OF PROGRAM DELIVERY COSTS

Importance of the Measure

This is a standard financial measure that assesses the efficiency of BC Housing's management practices by comparing the percentage of controllable administration costs to program delivery costs. The targets are set to ensure that BC Housing continues to maintain this level of performance.

Performance Results

While budget and service delivery increased, the results for 2010/11 indicate BC Housing continues to achieve a high level of performance with 7.8 per cent of administration costs as a per cent of program delivery costs.



Objective: Financial and Operating Success *(continued)*

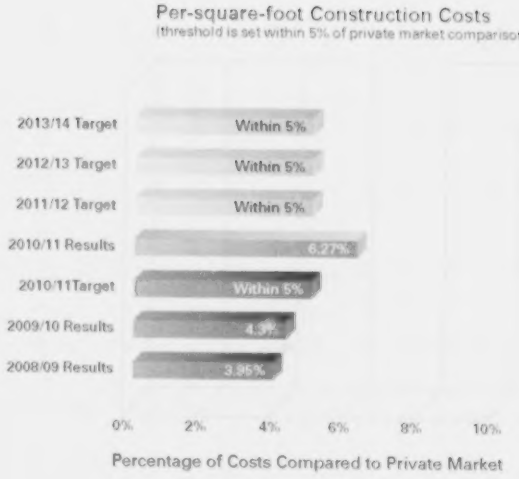
MEASURE: PER-SQUARE-FOOT CONSTRUCTION COSTS

Importance of the Measure

This measure benchmarks the per-square-foot construction cost of new housing with comparable developments in the private sector. This is an important measure of the cost-effectiveness of our development practices within the broader residential construction industry. The targets reflect construction costs that are comparable with the market and demonstrate value-for-money. Cost pressures, such as the cost of materials and availability of skilled labour, are monitored on an ongoing basis.

Performance Results

The data showed that BC Housing's per square foot costs, which averaged $167.11 per-square-foot, were within 6.27 per cent of the costs reflected in industry data, therefore not meeting the target. The results for 2010/11 compared a sample of nine non-profit developments with eight private market developments, as well as industry data.



The result was higher than expected, and likely reflects the types of development constructed through BC Housing's programs. New social housing developments typically include a combination of services and amenities that make it difficult to make comparisons with the private market. There are many different factors that influence the relevancy of construction cost data comparisons including time, location, building form, unit mix, amenities, scale, energy efficiency features and quality. In addition, while construction costs in the private sector have declined due to the economic environment, BC Housing's construction costs have been slower to reflect these market efficiencies, though this is now beginning to be corrected.

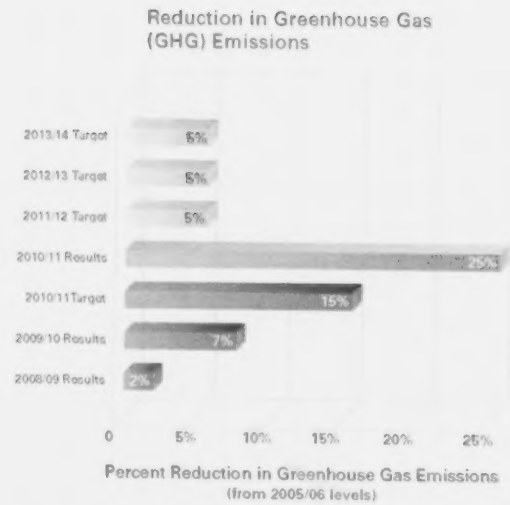
Objective: Environmental Leadership in the Housing Sector

MEASURE: PER CENT REDUCTION IN GREENHOUSE GAS EMISSIONS

Importance of the Measure

This measure tracks progress in reducing greenhouse gas (GHG) emissions produced through the day-to-day operations of BC Housing's social housing portfolio and offices. Introduced in 2008/09, the measure sets an ambitious target of a five per cent annual reduction of emissions related to energy use as compared to 2005 baseline. For 2010 this reduction target translated to a 15 per cent reduction from the baseline level.

In 2011/12, the measure has been broadened to include the GHG emissions from the entire housing portfolio of buildings owned or leased by BC Housing. Targets for the 2011/12 to 2013/14 period reflect a new overall target of five percent reduction in GHG emissions (from the amended 2005 level). Although the target remains constant during this period, the housing portfolio is expected to increase each year. It is anticipated that these targets will be met through the continued reduction in energy usage partnered with our standard practice of building highly energy efficient new social housing.



Performance Results

Total GHG emissions from activities in offices and public housing buildings managed by BC Housing, expressed in absolute numbers, were reduced by 25 per cent in 2010 compared to 2005 baseline. This exceeds our target of 15 per cent. Such a significant reduction in emissions is attributed to the upgrade and retrofit program of 75 per cent of directly managed housing units at 52 sites under the *Housing Renovation Partnership*. The work has included upgrades of the heating systems, replacement of windows, lighting upgrades, and repairs to the building envelopes.

These reductions contributed to BC Housing achieving carbon neutral status for the first time in 2010. In accordance with the *Greenhouse Gas Reductions Target Act* and the *Carbon Neutral Government Regulation*, BC Housing purchased carbon offsets from the Pacific Carbon Trust to the equivalent of 26,560 tonnes[1] of CO_2 emissions (CO_2e) in March 2011 to achieve its carbon neutral status.

The total 2010 GHG emissions from buildings were 26,416 tonnes as well as 212 tonnes of CO_2e related to fleet vehicles and paper.

The target and results are based on absolute numbers. In addition, BC Housing tracks other factors to monitor performance trends. Weather impacts are analyzed and show that in 2010, while the weather was warmer in the Coastal and Central Interior region, it was actually colder in the Northern region, and overall the weather contributed to about one per cent increase in energy consumption over the 2005 baseline.

Other indicators and results used to more fully understand the extent of energy use and trends are:

- Tonnes of GHG emissions per tenant (public housing buildings) = 22 per cent reduction
- Tonnes of GHG emissions per employee (BC Housing offices) = 35 per cent reduction
- Tonnes of GHG emissions per square foot of floor area (public housing buildings) = 23 per cent reduction

Measuring GHG reductions ensures that BC Housing can continue to reduce the emissions produced through activities required to develop social housing and to ensure, through retrofits, that existing house stock is operating as efficiently as possible.

[1] 68.39 tonnes of CO_2 did not require offsets as they are produced through the consumption of biofuels and are excluded from the carbon offset regulation.

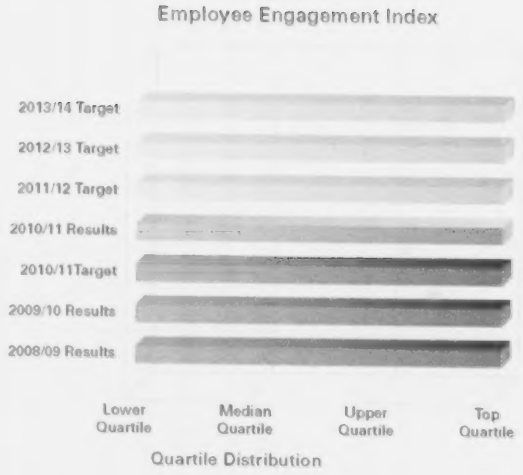
Objective: High Level of Employee Engagement

MEASURE: EMPLOYEE ENGAGEMENT INDEX

Importance of the Measure

BC Housing's employees play a critical role in organizational performance. Employee engagement is a productivity indicator, based on employee satisfaction and motivation. Focusing on employee engagement fosters an environment of greater creativity, innovation, organizational excellence and customer service. A significant contributor to an engaged workforce is access to leadership, learning and growth opportunities which serve to meet business objectives as well as the personal aspirations of employees.

The measure is based on an annual survey that gathers feedback from staff on different aspects of their work environment. The survey is designed to gauge the extent to which BC Housing has been successful in building a culture of employee engagement and to identify opportunities for improvement. Results are benchmarked with other employers through the use of standard industry survey instruments. The target is set to ensure that employee engagement continues to be an important focus within the organization and is supported by its *People Strategy*.



Performance Results

In December 2010, 80 per cent of staff participated in the employee engagement survey, and the results again placed BC Housing in the top quartile of employers. Specifically, BC Housing maintained an excellent indicator of engagement with 80 per cent agreement when aggregating the 10 benchmark employee engagement questions. (See Appendix B – Disclosure on Reporting Judgments for more information on this measure). In 2005 when the survey was first administered, BC Housing achieved 70 per cent agreement. By 2008, that number had improved to just over 79 per cent agreement.

Overall, the results were positive in indicating engaged employees: approximately 92 per cent of respondents feel they understand they goals and objectives of BC Housing, and would recommend BC Housing as a good place to work. In October 2010 BC Housing was selected as one of British Columbia's top employers for 2011 by the editors of Canada's Top 100 Employers. This top employer award is now in the company of the other employer awards we received in 2010 – Most Engaged Workplaces and the top North American Occupational Health & Safety award for a crown corporation.

Goal 5: Future Directions

BC Housing's focus on customer service, organizational excellence and innovation helps us to be a responsive organization and effectively deliver on our core business areas and key goals in a cost effective manner. Our continued focus on the multi-year *People Strategy* is a critical element in moving forward, in recruiting, retaining and engaging our employees. Our *livegreen: Housing Sustainability Plan* and our *livegreen Employee Council* demonstrate our vision of becoming a leader in environmental sustainability in the social housing sector and is an important point of engagement with employees.

New Homes for Seniors in the Heart of Burnaby

When the South Burnaby Royal Canadian Legion Branch members decided to rebuild their clubhouse, they recognized they had a great opportunity to also create more housing for seniors in their central Burnaby location. The site now boasts 70 units of housing with supports above the legion's new clubhouse in a development built to LEED Gold standards.

Through its *Community Partnership Initiatives* funding, BC Housing provided the legion with construction financing and also arranged the take-out financing for the project, saving the South Burnaby Legion $300,000 in construction costs.

The Poppy Residences provides tenants with two daily meals, weekly maid service, and round-the-clock onsite staff support. Residents also have access to a common dining area, a fireside lounge, and a library and games room. Tenancy is open to all seniors, who are also invited to participate in the legion's membership and many social activities, clubs and community volunteer programs.

Poppy Residences provides 70 one-bedroom apartments with support services for seniors in Burnaby.

"BC Housing provided the legion with construction financing and also arranged the take-out financing for the project, saving the South Burnaby Legion $300,000 in construction costs."

Management Discussion and Analysis

Management Discussion and Analysis

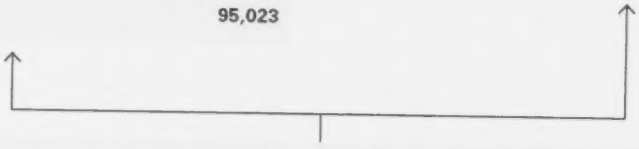
Operational Overview – 2010/11 Actuals

GOVERNMENT ASSISTED HOUSING (UNITS)*

Emergency Shelter and Housing for the Homeless	9,919
Transitional Supported & Assisted Living	18,751
Independent Social Housing	40,853
Rent Assistance in the Private Market (Independent)	25,500
Total Units	**95,023**

CONSUMER PROTECTION & INCREASED QUALITY OF RESIDENTIAL CONSTRUCTION

New Homes Enrolled in Home Warranty Insurance	23,951
Residential Builders Licenses	5,338
Owner Builder Authorizations	2,873
Research & Education Initiatives	



CONTRIBUTIONS AND EXPENDITURES

Funding	
Provincial Government	$471.2M
Federal Government	$223.4M
Tenant Rent	$36.7M
Provincial Partnering Ministries	$10.3M
HPO Fees	$5.2M
Other	$17.2M
Total	**$764.0M**

Expenses	
Emergency Shelter & Housing for the Homeless	($218.7M)
Transitional Supported & Assisted Living	($126.6M)
Independent Social Housing	($329.2M)
Rent Assistance in the Private Market (Independent)	($79.1M)
HPO Administration, Research & Education, and PST Relief Grants**	($10.4M)
Total	**($764.0M)**

* Due to the diverse number of programs delivered by BC Housing, the term unit may refer to a bed, room, apartment or household assisted through a rental subsidy program. Units may differ between programs and/or within programs, depending on the program delivery requirements and available resources.

** The PST Relief Grant Program officially ended on June 30, 2010.

2010/11 was another year of growth and change for BC Housing. Federal and provincial capital grant initiatives allowed for the construction of new housing with supports for those in greatest need, as well as the renovation and modernization of aging social housing stock. The total number of households served through government assisted housing increased to over 95,000 through a range of programs for priority groups.

2010/11 also saw the expansion of BC Housing's mandate to include responsibilities under the *Homeowner Protection Act* and the addition of the Homeowner Protection Office (HPO) as a self-supporting branch. In 2010/11, the HPO provided $5.6 million in PST Relief Grants to owners of water damaged homes (the program officially ended on June 30, 2010). The HPO also funded $4.8 million in expenditures associated with the licensing system, its responsibilities related to the home warranty insurance system, as well as research and education respecting residential construction and consumer protection.

ASSETS AND LIABILITIES

Total assets increased 19 per cent over 2009/10. This was primarily due to a $66 million increase in construction loans, a $9.3 million increase in short-term investments and a $6.5 million increase in receivables. In 2010/11, a few development projects had not reached final completion delaying mortgage take-outs to repay the construction loans. This fluctuation is normal and will reverse in the following fiscal year.

The increase in short-term investments reflects the continued positive performance of the financial markets.

Receivables increased $6.5 million due to increased infrastructure activity and the resulting increase in HST that is fully recoverable from the federal government.

BC Housing's liabilities increased 18 per cent since the last fiscal year. Borrowing from the provincial treasury increased by $57 million as BC Housing construction financing increased. Deferred revenues increased by $15.6 million as the construction activity for the Provincial Rental Housing Corporation (PRHC) projects ramped up and increased the draw-down of the federal infrastructure funding. The majority of the federal/provincial projects will reach completion stage near the end of this fiscal and early next fiscal. The $17.2 million decrease in grants received in advance of construction is due to the shift in provincial funding that requires the Crown to own project sites. The increase in social housing agreement reserves is again due to the improved financial market conditions and the increase in the value of the associated investments.

The amount due to PRHC increased by $20 million as increased funding continued to flow for the construction of the new social housing projects. PRHC's Statement of Financial Position shows the significant impact from the construction that is underway for these federal/provincial funded projects. The $86 million in additional construction in progress and the increase in buildings of $137 million and the $27 million reduction in grants in advance are reflected in the $231 million increase in deferred contributions. Overall, PRHC's total assets increased by 30 per cent, or $229 million, when compared to the prior year.

SUMMARY OF FINANCIAL RESULTS AND BUDGET PROJECTIONS – 2006/07 to 2013/14
(in thousands of dollars)

	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Actual	2010/11 Budget	Budget Variance	Year Variance	2011/12 Forecast	2012/13 Forecast	2013/14 Forecast
Revenues											
Provincial Share*	318,644	351,690	429,457	390,738	481,472	499,988	(18,516)	90,734	521,635	369,175	368,411
Federal Share	135,852	141,270	142,461	165,245	223,423	229,842	(6,419)	58,178	202,176	137,013	136,178
Other**	43,044	46,802	54,730	64,640	59,168	64,482	(5,313)	(5,471)	65,793	67,183	68,528
Total Revenues	497,540	539,762	626,648	620,623	764,063	794,312	(30,248)	143,441	789,604	573,371	573,117
Expenditures											
Housing subsidies	329,479	337,133	380,981	400,552	552,307	566,488	(14,181)	151,755	547,947	337,862	346,002
Rent Assistance	33,142	45,517	64,022	73,334	76,716	72,537	4,179	3,382	80,144	80,218	80,371
Building repairs and maintenance	59,044	68,804	60,629	32,849	24,787	28,809	(4,021)	(8,061)	28,871	29,224	29,616
Operating costs	36,423	47,862	55,772	62,889	51,021	68,348	(17,327)	(11,868)	70,090	71,578	73,037
Other Costs	39,346	40,313	65,153	50,973	59,182	58,130	1,052	8,209	62,552	62,109	62,471
	497,434	539,629	626,557	620,597	764,013	794,312	(30,298)	143,417	789,604	580,991	591,497
Excess of revenues over expenditures***	106	133	91	26	50				-	(7,620)****	(18,380)****
Transfer of Home-owner Protection Office Net Assets					3,168						
Net Assets	1,249	1,382	1,473	1,499	4,717				4,717	(2,903)	(21,283)

* In 2010/11 this includes funding of $471.2 million provided directly by the Province of BC, plus $10.3 million in funding through other partnering ministries.

** This includes tenant rent and revenues from other sources.

*** Provincially-approved budget deficits for 2012/13 and 2013/14.

**** Funding will be drawn from the Provincial Rental Housing Corporation to cover the excess of revenues over expenditures.

REVENUES

The chart above shows BC Housing's actual and forecasted revenues and expenditures from 2006/07 to 2013/14. The 2010/11 fiscal year completed with $764 million in revenues. This was $143 million, or twenty three percent higher than the previous year. This increase reflects the following changes:

- A $90.7 million net increase in provincial revenue consisting primarily of:
  - The second year of provincial infrastructure grant initiatives resulted in a $84.5 million increase;
  - Homeowner Protection Office funding for the PST Relief Grant program resulted in a $5.6 million increase;
  - Full year funding for the *Women's Transition Housing and Supports Program* resulted in a $15.9 million increase; and
  - Completion of construction grants for the *Seniors' Supportive Housing* program resulted in a $5.9 million decrease.

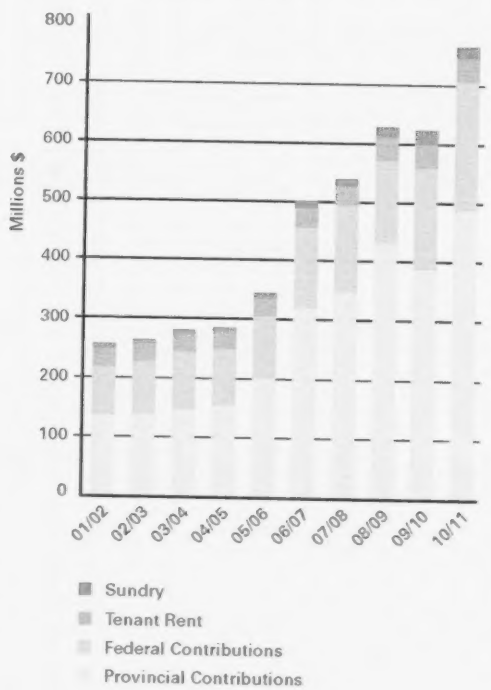
- A $58.2 million increase in federal revenue consisting primarily of:
  - The second year of capital infrastructure grants funded under Canada's Economic Action Plan resulted in a $45.4 million increase; and
  - Capital Grants under the Canada-BC Affordable Housing Initiative Extension resulted in an increase of $12.1 million.
- A $5.5 million net drop in other revenues consisting primarily of:
  - A change in accounting resulted in a $5.6 million reduction in rent revenues which are now being recorded as a reduction to housing subsidies;
  - Reduced investment returns compared to 2009/10, resulted in a $5.8 million decrease;
  - Self-generated revenues from the Homeowner Protection Office branch resulted in a $5.2 million increase; and
  - A $0.7 million net increase in other sundry revenue items.

Revenues in 2010/11 were $30.2 million, or four percent below the budget as published in BC Housing's 2011/12 Service Plan. This difference was the result of:

- A $24.9 million decrease in federal and provincial revenues which are mainly the result of capital work on economic stimulus projects originally expected to be completed in 2010/11 which will now be completed in 2011/12.
- A $5.3 million net decrease in other revenues, resulting primarily from:
  - A change in accounting resulting in a $10.7 million decrease in rent revenues which are now being recorded as a reduction to housing subsidies; and
  - Higher than budgeted returns for investments, lease revenue, development revenue, construction interest and other sundry items, resulting in a $5.4 million increase.

The chart to the right shows the change in revenue over the last ten years. Provincial contributions more than tripled over this period. This increase was the result of the construction of new units, transfer of programs from other ministries, and a shift to housing with supports for those in greatest need. Federal contributions have more than doubled over the last ten years largely because of the devolution of federal social housing administration, and capital infrastructure grants funded under Canada's Economic Action Plan.

Revenue – 2001/02 to 2010/11



PROGRAM EXPENDITURES

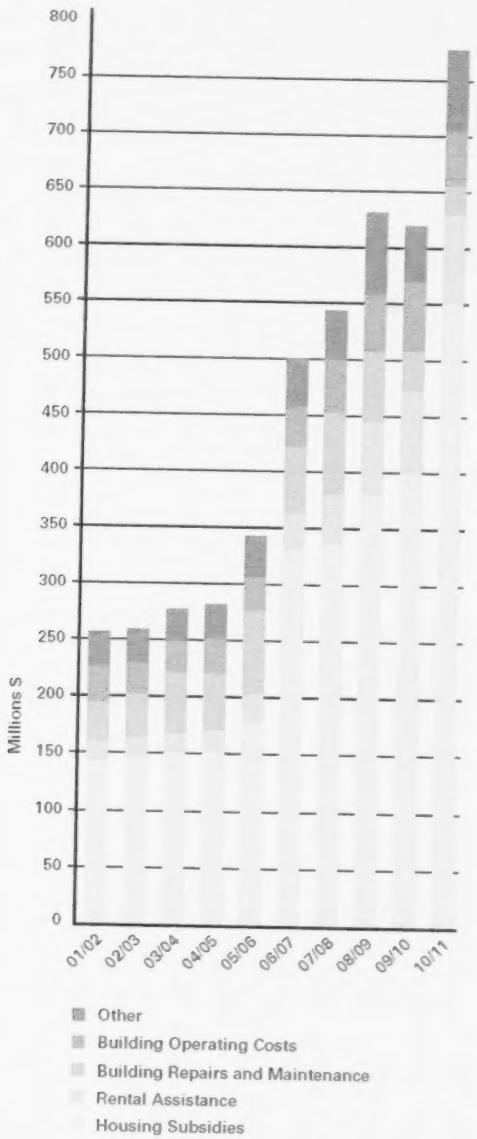
The chart on page 50 shows BC Housing's expenditures over the past ten years. Total expenditures have almost tripled over this period. Both housing subsidies and rental assistance have almost quadrupled, rising from $140 million and $20 million respectively in 2001/02 to $552 million and $77 million in 2010/11. During this period, BC Housing added approximately 41,500 new households benefitting from government-assisted housing and provided an increased level of support services to those most in need.

Building repairs and maintenance decreased by $8.1 million, 25 per cent less than the previous year. This is a result of BC Housing optimizing federal and provincial infrastructure funds. These funds have allowed a shift in focus from expensing general repairs to granting major capital improvements for the aging social housing stock. This strategy helps the Commission ensure that the existing housing stock is protected and managed for the long-term.

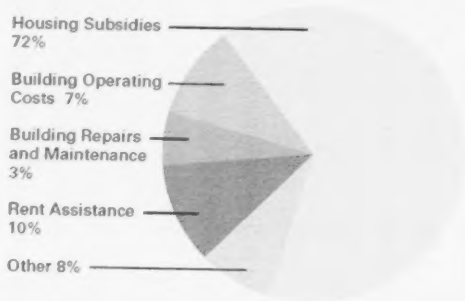
BC Housing's operating costs decreased by $11.9 million, 19 per cent less than the previous year. This decrease is by in large due to a change in accounting resulting in $11.9 million worth of operating costs now being accounted for under subsidies.

Other expenditures have increased by $8.2 million, 16 per cent more than the previous year. $4.8 million of these increased costs are associated with the Homeowner Protection Office's licensing and home warranty insurance system, as well as research and education respecting residential construction and consumer protection. The remaining $3.4 million went to overhead costs associated with BC Housing's larger portfolio.

Expenditures – 2001/02 to 2010/11



Expenditures – Actual 2010/11 ($764 M)



Eagle's Nest offers Williams Lake more affordable housing options

Step inside Eagle's Nest's magnificent log covered entranceway and you enter a serene home for low-income Aboriginal adults. The new $7.9 million building, which was funded under BC Housing's *Aboriginal Housing Initiative,* includes 33 affordable apartments managed by the Cariboo Friendship Society.

The four-storey wood-frame building has 16 one-bedroom suites and 17 two-bedroom suites. Five of the apartments are wheelchair accessible and can accommodate people with disabilities. A Smudge Room – a quiet place where people can reflect, meet one-on-one with a counsellor, or participate in a cleansing sage ceremony – is insulated from other parts of the building. The building's four offices are for support staff including a tenant relations coordinator and a mental health counsellor.

Eagle's Nest has also been awarded LEED Silver recognition.

Eagle's Nest in Williams Lake provides 33 suites of affordable housing to low-income Aboriginal adults.

"The new $7.9 million building, which was funded under BC Housing's *Aboriginal Housing Initiative,* includes 33 affordable apartments managed by the Cariboo Friendship Society."

MANAGING RISK

BC Housing uses an enterprise-wide approach to identify and manage risks. All key operating departments determine risks, challenges and opportunities. Risk management strategies are then employed to balance current and future market and budget pressures with timing and implementation strategies.

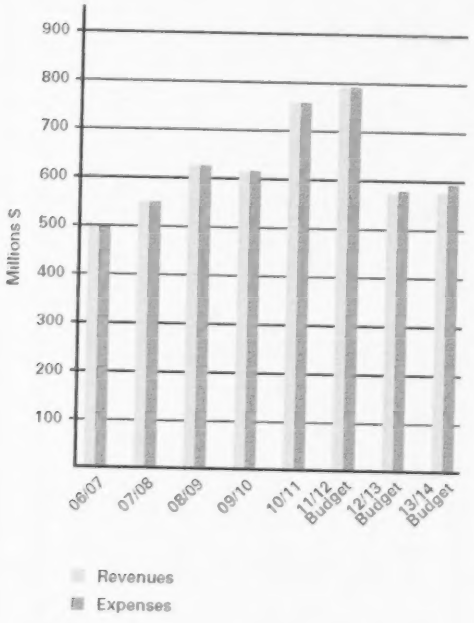
KEY RISKS	SENSITIVITIES	RISK MITIGATION STRATEGIES
Mortgage/ interest rate fluctuations	▪ A one per cent increase above the budgeted mortgage rate would increase housing subsidies by about $2.7 million in 2011/12 and up to $5.3 million in 2012/13	▪ Bulk tendering of mortgages ▪ Laddered renewal dates with less than 20 per cent of portfolio renewed in a year ▪ Staggered mortgage terms ▪ Locked-in longer mortgage terms at lower interest rates ▪ Low-interest construction financing to reduce new housing capital costs, thereby reducing ongoing subsidies
Investment return fluctuations	▪ Volatility in the global financial markets impact the rate of return on investments	▪ Engage sound investment management that balances risk and return over the long-term ▪ Diversify the portfolio with a strategic asset mix of various financial instruments such as equities and bonds ▪ Review and re-balance the strategic asset mix as required
Higher Heating Costs	▪ A $1 increase per gigajoule in the price of natural gas would increase the budgeted estimates by approximately $1.9 million in 2011/12	▪ Development of a retrofit strategy ▪ Implementation and installation of energy efficient equipment resulting in reduced energy consumption
Higher Inflation	▪ A one per cent increase above the budgeted consumer price index would increase expenses by $0.9 million in 2011/12	▪ Bulk purchasing for insurance, natural gas and appliances ▪ Best operational and management practices by housing providers

FUTURE OUTLOOK

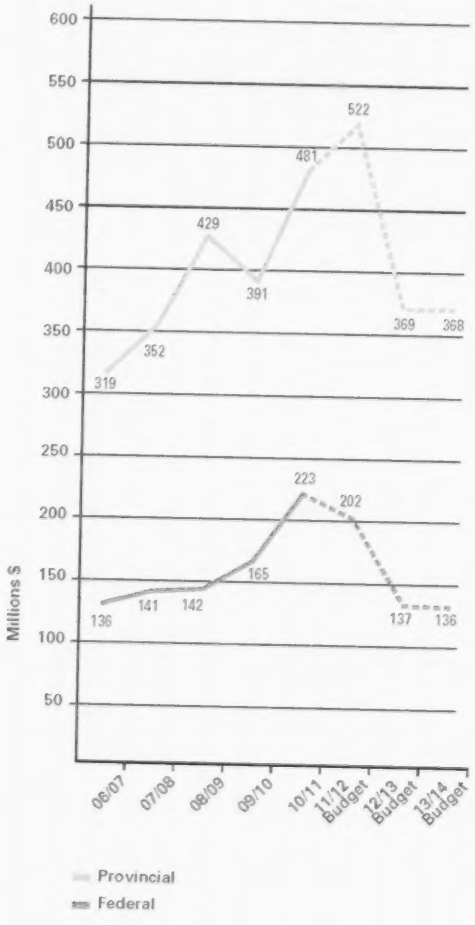
BC Housing's 2011/12 forecasted operating budget has been approved at $789.6 million, the largest budget in the province's history. The subsequent forecasts for 2012/13 and 2013/14 will decrease to slightly above $573 million. This reduction is the result of one-time capital grant initiatives from the province and federal government completing in 2011/12. It also does not include any new funding that government may make available in future years.

Through many cost-saving, sustainability initiatives and program delivery models, BC Housing has developed strategies to manage expenditure growth, contain costs, and maximize the effectiveness of our programs. Partnerships have been strengthened for new developments and program delivery has been streamlined, including subsidy administration. In addition, continued reductions in administration expenses and overhead, and risk management strategies, will ensure BC Housing continues to meet its mandate in a cost effective manner.

Revenues and Expenses



Contributions



Seniors' Rental Housing

Paul moved into his new *Seniors' Rental Housing* apartment in Squamish Riverstones in November 2010 and is pleased to be able to stay in the community he has grown to love. "The building is very accessible and the washrooms are set up to be accessible too," he commented. The Sea to Sky Community Services Society is the sponsor for this project.

The *Seniors' Rental Housing* initiative is providing new housing options for British Columbians age 55 and older who are able to live independently. Apartments are either site-built wood-frame construction or single-storey modular, manufactured housing.

Approximately 40 developments are being built around the province under the *Seniors' Rental Housing* initiative as a result of a $125.5-million joint investment under the Canada-British Columbia Affordable Housing Agreement, which includes funding through Canada's Economic Action Plan and by the Government of British Columbia.

"The *Seniors' Rental Housing* initiative is providing new housing options for British Columbians age 55 and older who are able to live independently."

Riverstones in Squamish provides 84 units of affordable housing for seniors and persons with disabilities.

Financial Statements

British Columbia Housing Management Commission
Financial Statements March 31, 2011

British Columbia Housing Management Commission

Financial Statements March 31, 2011

Statement of Management Responsibility

The financial statements of the British Columbia Housing Management Commission (the Commission) are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles, consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates which have been made using careful judgment. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all information available at May 24, 2011. The financial statements have also been reviewed by the Audit and Risk Management Committee and approved by the Board of Commissioners.

Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, careful selection and training of qualified personnel and appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management and the Audit and Risk Management Committee.

The financial statements have been examined by an independent external auditor. The external auditor's responsibility is to express their opinion on whether the financial statements, in all material respects, fairly present the Commission's financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles. The Independent Auditor's Report, which follows, outlines the scope of their examination and their opinion.

The Board of Commissioners, through the Audit and Risk Management Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit and Risk Management Committee comprised of a director who is not an employee, meets regularly with the external auditors, the internal auditors and management to satisfy itself that each group has properly discharged its responsibility to review the financial statements before recommending approval by the Board of Commissions. The Audit and Risk Management Committee also recommends the appointment of an external auditor to the Board of Commissioners. The external auditor has full and open access to the Audit and Risk Management Committee, with and without the presence of management.

Dan Maxwell
Vice President of Corporate Services and Chief Financial Officer

Craig Crawford
Vice President of Operations

May 24, 2011

BDO

Tel: 604 688 5421
Fax: 604 688 5132
vancouver@bdo.ca
www.bdo.ca

BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

Independent Auditor's Report

To the Board Commissioners of
British Columbia Housing Management Commission

We have audited the accompanying financial statements of the British Columbia Housing Management Commission which comprise the Statement of Financial Position as at March 31, 2011 and the Statements of Operations and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of the British Columbia Housing Management Commission as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants

Vancouver, British Columbia
May 24, 2011

Statement of Financial Position

British Columbia Housing Management Commission

As at March 31	2011 ($000's)	2010 ($000's)
ASSETS		
Current		
Cash	$ 426	$ 5,604
Short term investments	97,822	88,522
Receivables	22,621	16,096
Prepaid expenses and housing subsidies	23,294	22,826
Due from Province of British Columbia	266	13,138
Due from Canada Mortgage and Housing Corporation	11,748	13,702
Construction loans to housing projects (Note 3)	202,337	135,489
Current portion of mortgages receivable (Note 4)	432	1,397
	358,946	296,774
Mortgages receivable (Note 4)	211	211
Proposal development advances (Note 5)	3	156
Capital assets (Note 6)	11,203	14,484
	$ 370,363	$ 311,625
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 41,326	$ 36,423
Deferred revenue (Note 7)	119,891	135,573
Due to Provincial Rental Housing Corporation (Note 8)	34,383	14,177
Tenants' prepaid rent	1,108	919
Due to Provincial Treasury	110,475	53,026
Society funds held on deposit (Note 9)	24,199	20,784
Grants received in advance of construction (Note 10)	9,901	27,113
	341,283	288,015
Social Housing Agreement Reserves (Note 11)	24,363	22,111
	365,646	310,126
Net assets (Note 12)	4,717	1,499
	$ 370,363	$ 311,625

Commitments (Note 14) • Contingencies (Note 16)

On behalf of the Board

Chair

See accompanying notes to the financial statements

Statement of Operations

British Columbia Housing Management Commission

Year Ended March 31	2011 ($000's)	2010 ($000's)
REVENUE		
Provincial contributions	$ 481,472	$ 390,738
Federal contributions	223,423	165,245
Tenant rent	36,734	36,938
Other	15,457	9,822
Unrealized investment gains and interest	6,977	12,517
	764,063	615,260
EXPENSES		
Housing subsidies	552,307	406,832
Rental Assistance	76,716	73,334
Salaries and labour	48,553	43,664
Operating expenses	25,624	25,675
Building maintenance	12,924	14,428
Building modernization and improvement	11,864	18,421
Office and overhead	10,076	7,240
Utilities	8,873	9,389
Building mortgage costs	8,718	8,856
Grants in lieu of property taxes (Note 13)	7,806	7,326
Interest expense	552	69
	764,013	615,234
Excess of revenue over expenses	50	26
Net assets, beginning of year	1,499	1,473
Add transfer of Homeowner Protection Office, net assets (note 19)	3,168	-
Net assets, end of year (Note 12)	$ 4,717	$ 1,499

See accompanying notes to the financial statements

Statement of Cash Flows

British Columbia Housing Management Commission

Year Ended March 31	2011 ($000's)	2010 ($000's)
Cash flows provided by (used in)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 50	$ 26
Adjustments to determine cash flows:		
Depreciation	7,289	7,682
Unrealized investment gains (losses)	(6,977)	(12,098)
Change in non-cash working capital	(3,150)	92,864
	(2,788)	88,474
INVESTING ACTIVITIES		
Short term investments	(2,323)	(4,061)
Mortgages receivable	965	65,291
Proposal development advances	153	287
Construction loans provided to housing projects	(66,848)	(65,964)
Capital asset additions	(3,595)	(6,610)
Transfer of Homeowner Protection cash	3,148	-
	(68,500)	(11,057)
FINANCING ACTIVITIES		
Advances from Provincial Rental Housing Corporation	20,206	2,369
Due to Provincial Treasury	57,449	(22,175)
Society funds held on deposit	3,415	(2,946)
Grants received in advance of construction	(17,212)	(57,112)
Social Housing Agreement Reserves	2,252	3,954
	66,110	(75,910)
Increase (decrease) in cash	(5,178)	1,507
Cash, beginning of year	5,604	4,097
Cash, end of year	$ 426	$ 5,604
Supplemental cash flow information		
Interest received	$ 187	$ 772
Interest paid	$ 468	$ 197

See accompanying notes to the financial statements

Notes to the Financial Statements

British Columbia Housing Management Commission
March 31, 2011

1. GENERAL

The British Columbia Housing Management Commission is a Crown agency, established in 1967, responsible for developing new social housing under Provincial Housing Programs administering the Province's Shelter Aid for Elderly Renters program, Rental Assistance Program, licensing of builders, overseeing the third-party home warranty insurance system (see note 20); and administering a variety of other federal and/or provincial housing programs. The Commission manages public housing stock and administers agreements relating to units managed by housing sponsors. The Commission ensures that provincial housing policy is reflected in its programs and that these are delivered in a co-ordinated, cost-effective manner. The Commission is exempt from federal and provincial income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation
These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Use of Estimates
In preparing these financial statements, management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimating the useful life of capital assets and the write-down of proposal development advances require the greatest degree of estimation. Actual results could differ from those estimates.

Revenue Recognition
Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the period in which the related expenses are incurred.

Tenant Rent Revenue
Tenant rent revenue represents rent charged to residents, and is determined as the lesser of market rent and a percentage of each resident's income.

Capital Assets
Capital assets are recorded at cost and depreciated over their estimated useful lives.

Desktop applications and computer hardware are depreciated on a three year amortization period. Server applications and communications hardware and components are depreciated on a five year amortization period. Enterprise applications are depreciated on a ten year amortization period. All other capital assets are depreciated over a five year amortization period.

Employee Benefit Plans
The employees and employers of the public service contribute to the Public Service Pension Plan (the Plan), a jointly trusteed pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits are defined. The Plan has about 55,000 active plan members and approximately 33,000 retired plan members.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The latest valuation as at March 31, 2008, indicated an actuarial surplus of $487 million for basic pension benefits. The next valuation will be as at March 31, 2011 with results available in early 2012. The actuary does not attribute portions of the unfunded liability or surplus to individual employers. The Commission paid $3,379,869 for employer contributions to the Plan in fiscal 2011 (2010: $3,058,652).

Financial Instruments
The Commission's financial instruments consist of cash, short-term investments, receivables, due from the Province of British Columbia, due from Canada Mortgage and Housing Corporation, mortgages receivable, construction loans to housing projects, proposal development advances, accounts payable and accrued liabilities, due to Provincial Rental Housing Corporation, due to Provincial Treasury and Society funds held on deposit. These financial instruments are accounted for as follows:

Held-for-trading The Commission has designated cash and short-term investments as held-for-trading. These instruments are initially and subsequently recognized at their fair value, determined by published price quotations in an active market. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in income. Net gains and losses arising from changes in fair value are recognized immediately in income.

Loans and receivables and other financial liabilities Receivables, due from Province of British Columbia, due from Canada Mortgage and Housing Corporation, mortgages receivable, construction loans to housing projects and proposal development advances are classified as loans and receivables. Accounts payable and accrued liabilities, due to Provincial Rental Housing Corporation, due to Provincial Treasury and Society funds held on deposit are classified as other financial liabilities.

Loans and receivables and other financial liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. These instruments are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in net income upon de-recognition or impairment.

Given the short-term nature of receivables, due from Province of British Columbia, due from Canada Mortgage and Housing Corporation, construction loans to housing projects, accounts payable and accrued liabilities, due to Provincial Rental Housing Corporation and due to Provincial Treasury, their carrying value equates their current fair value. The current fair value of mortgages receivable is set out in Note 4. The current fair value of proposal development advances is not determinable. The current fair value of Society funds held on deposit equates to its carrying value because it accrues interest at a variable current rate.

New Accounting Pronouncements
On September 7, 2010, Treasury Board issued a directive to all tax-payer supported Crown agencies to adopt Public Sector Accounting Standards, without not for profit provisions, for all fiscal years commencing after January 1, 2011. Management is currently assessing the impact to the financial statements.

3. CONSTRUCTION LOANS TO HOUSING PROJECTS

In its capacity as a National Housing Act approved lender, the Commission funds construction draws for societies who are building approved projects under social housing programs. These advances are repaid at substantial completion of each project from financing arranged with private lenders. Societies are charged interest at the Province's weighted average borrowing rate for short-term funds, plus administration costs.

The Provincial Treasury provides funding to the Commission for the purpose of advancing loans for construction. These loans are secured and bear interest at the Province's weighted average borrowing rate for short-term funds. The Commission has the authority to borrow up to a maximum of $165 million from the Provincial Treasury.

4. MORTGAGES RECEIVABLE

The Commission periodically continues to hold construction financing mortgages receivable after construction completes. In all but rare situations, these mortgages are tendered for take-out financing provided by private sector financial institutions within twelve months of the construction completion date. These mortgages are secured by property and bear interest of up to 3.95%. (fair value - $432,000; 2010 - $1,292,000)

5. PROPOSAL DEVELOPMENT ADVANCES

Loan advances are made to sponsoring societies for needs studies, incorporation and site development costs. These are secured non-interest bearing advances and are normally repaid upon project completion or remain outstanding for three years, at which time they are written-off. An allowance is established for the value of advances outstanding whenever there is uncertainty about projects proceeding to the final commitment stage. An allowance of $1,174,500 was established for the current fiscal. An allowance was not considered necessary in the prior year.

6. CAPITAL ASSETS

	Cost	Accumulated depreciation	2011 ($000's) Net book value	2010 ($000's) Net book value
Computer software	$ 26,769	$ 19,908	$ 6,861	$ 6,882
Computer hardware	7,165	6,331	834	1,467
Tenant improvements	8,876	6,521	2,355	4,742
Office furniture	3,776	3,115	661	976
Office equipment	649	620	29	50
Vehicles	775	526	249	271
Grounds equipment	507	293	214	96
	$ 48,517	$ 37,314	$ 11,203	$ 14,484

7. DEFERRED REVENUE

These funds are restricted contributions received in advance of related expenditures that are incurred in the following fiscal year.

	2010 ($000's)	Contributions Received ($000's)	Revenue Recognized ($000's)	2011 ($000's)
Provincial Contributions	$ 34,310	$ 468,704	$ (468,083)	$ 34,931
Canada Mortgage and Housing Corporation	101,263	207,120	(223,423)	84,960
	$ 135,573	$ 675,824	$ (691,506)	$ 119,891

The Social Housing Agreement Reserves (Note 11) represent further restricted contributions from Canada Mortgage and Housing Corporation of a long term nature.

8. DUE TO PROVINCIAL RENTAL HOUSING CORPORATION

Amounts represent funds advanced for the acquisition and development of properties under social housing programs. The advances are non-interest bearing with no set terms of repayment. Provincial Rental Housing Corporation (PRHC) is a Crown corporation managed by the Commission.

9. SOCIETY FUNDS HELD ON DEPOSIT

These funds represent the balance of mortgage advances held to cover various non-profit society construction and soft costs required to complete their projects. Interest accrues on the society funds at the Province's weighted average borrowing rate for short term funds.

10. GRANTS RECEIVED IN ADVANCE OF CONSTRUCTION

The Commission receives funds from the Province and Canada Mortgage and Housing Corporation (CMHC), the use of which is restricted to the construction of specific social housing projects.

	Balance, beginning of year ($000's)	Grants received ($000's)	Construction costs incurred ($000's)	Balance, end of year ($000's)
Project Grants	$ 26,595	$ 27,508	$ (44,464)	$ 9,639
Provincial Economic Stimulus Fund	-	130,344	(130,344)	-
CMHC – Economic Stimulus Fund	-	63,171	(63,171)	-
CMHC – AHI Extension	-	19,640	(19,640)	-
CMHC – Phase 1	116	-	(67)	49
Ministry – Other	402	-	(189)	213
	$ 27,113	$ 240,663	$ (257,875)	$ 9,901

11. SOCIAL HOUSING AGREEMENT RESERVES

The funds are available to offset future cost increases in the federal social housing portfolio due to inflation and changes in interest rates, or losses on loans owing by third parties. The funds are restricted under the Social Housing Agreement for only these purposes.

	2011 ($000's)	2010 ($000's)
Balance, beginning of year	$ 22,111	$ 18,157
Funds applied	(59)	(147)
Investment income	2,312	4,101
Balance, end of year	$ 24,363	$ 22,111

12. CHANGES IN NET ASSETS

	Invested in capital assets ($000's)	Unrestricted ($000's)	2011 ($000's)	2010 ($000's)
Balance, beginning of year	$ 14,484	(12,985)	$ 1,499	$ 1,473
Excess of revenue (deficiency) over expenses for the year	(7,289)	7,339	50	26
Additions to capital assets	3,641	(3,641)	-	-
Transfer of Homeowner Protection Office, net assets	367	2,801	3,168	-
	$ 11,203	(6,486)	$ 4,717	$ 1,499

13. GRANTS IN LIEU OF PROPERTY TAXES

The Commission, on behalf of the Province and CMHC, pays each municipality a grant equivalent to gross property taxes due for all residential properties and projects managed.

14. COMMITMENTS

a. Rental Obligations

The Commission has minimum rental obligations under operating leases for office space over the next five fiscal years as follows:

	($000's)
2012	$ 4,298
2013	4,117
2014	3,996
2015	4,074
2016	3,902

b. Contractual Obligations

The Commission has significant contractual obligations with not for profit housing societies for the provision of annual subsidies. The current annual subsidy is $283,489,000 with a forecasted amount $323,400,000 in 5 years. These contracts are reviewed annually to evaluate the level of commitment.

c. Loan Insurance Agreement

CMHC provides loan insurance under the National Housing Act, to assist the Commission in securing mortgages for PRHC and not for profit housing providers. In the event of a loan default, the Commission is required to make best efforts to avoid a claim against CMHC including the provision of additional funds to rectify a default. Since the establishment of this agreement in January 1993, there has never been a claim made under this agreement. The Commission underwrites these mortgages in accordance with CMHC guidelines for multi-unit properties, places charges on title to ensure access to property and requires housing providers to have an operating agreement with the Commission ensuring ongoing access to financial information.

The maximum value of mortgages that can be insured under this agreement is $2 billion. As of March 31, 2011, the total value of outstanding CMHC insured mortgages was $1,553,242,085 (2010: $1,446,537,152). There is no claim expected on this portfolio and the Corporation has not recorded a provision for loss.

15. RELATED PARTY TRANSACTIONS

In the normal course of operations, the Commission acquires goods and services from the Province and certain crown corporations, under prevailing trade terms.

These statements do not include the capital cost of the projects, which are owned by PRHC. Separate financial statements are prepared for PRHC which is a Crown corporation managed by the Commission.

16. CONTINGENCIES

Building Envelope Failure

In response to industry concerns and experience regarding building envelope failure, the Commission undertook a systematic review of non-profit and co-operative owned buildings and directly managed buildings under its administration. Buildings included in the study are part of the Federal/Provincial housing portfolio. The Commission received preliminary estimates for the cost of remediation for a number of projects.

Substantially all of the buildings have been examined. The costs, subject to confirmation through detailed engineering studies or actual repairs, are estimated at $ 205.1 million. Repairs to non profit and co-operative owned buildings will be undertaken by housing sponsors in the future and the resulting expenditures, if accepted and approved, will be cost-shared with CMHC and the Province based on various program funding formulae. Requests for funding of the repairs will be included in annual budgets and reimbursed based on actual costs incurred.

Letters of Guarantee
As at March 31, 2011, the Commission was contingently liable with respect to letters of guarantee totalling $1,893,448 for municipal development cost charges.

Legal Claims
The nature of the Commission's activities is such that there will be litigation pending or in progress at any time. With respect to claims at March 31, 2011, management is of the opinion that it has valid defenses and appropriate insurance coverage in place, or if there is unfunded risk, such claims are not expected to have a material effect on the Commission's financial position. Outstanding contingencies are reviewed on an ongoing basis and are provided for based on management's best estimate of the ultimate settlement.

17. FINANCIAL INSTRUMENT RISKS

The Commission, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks at March 31, 2011.

a. Credit Risk
Credit risk is the risk that the Commission will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Commission to credit risk consist primarily of cash and short term investments, accounts receivable, mortgage receivables and construction loans. The Commission has an investment policy to ensure investments are managed appropriately to secure the preservation of capital and the availability of liquid funds. The Commission has also retained two qualified investment firms to invest surplus funds in accordance with its investment policy. The majority of receivables are due from federal and provincial agencies. Mortgage receivables are secured by property and are generally held for short periods (Note 4). Construction loans are also secured by property and repaid at substantial completion of project (Note 3).

b. Foreign Exchange Risk
Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Commission is not exposed to foreign exchange risk as all securities are denominated in Canadian dollars.

c. Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Construction loans bear interest at the Province's weighted average borrowing rate, but these loans are short term. Investments bear some interest rate risk but these risks are mitigated through the diversification of the portfolio.

d. Market Risk
Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market (Note 2 – financial instruments).

e. Liquidity Risk
Liquidity risk is the risk that the Commission will not be able to meet its obligations as they fall due. The Commission maintains adequate levels of working capital to ensure all its obligations can be met when they fall due (Note 2 – financial instruments).

18. CAPITAL DISCLOSURES

The Commission considers its capital to be its net assets. Its restricted net assets consist of amounts invested in capital assets (Note 12). The Commission's objectives when managing its capital are to safeguard its ability to continue as a going concern so it can continue to provide services. Annual budgets are developed and monitored to ensure the Commission's capital is maintained at an appropriate level.

As a Crown corporation, the Commission cannot incur an annual or cumulative deficit without the prior approval of the Minister of Housing and Social Development.

19. RESPONSIBILITIES FOR THE HOMEOWNER PROTECTION OFFICE

Effective April, 1, 2010, the Homeowner Protection Office ceased to exist as a Crown corporation. The Province of British Columbia transferred to the Commission responsibility, under the *Homeowner Protection Act*, the licensing of residential builders, administrations of owner-builder authorizations, overseeing the third-party home warranty insurance system and carrying out research and education to improve the quality of construction of new homes. Responsibility for PST Relief Grant program was also transferred to Commission until this program was terminated on June 30, 2010.

The assets and liabilities transferred to the Commission were:

	($000's)
Cash	$ 2,434
Cash for reconstruction loan and PST Relief Grant	714
Due from Province of British Columbia	31
Accounts receivable	250
Prepaid expenses	110
Property and equipment	367
Intangible assets	46
	$ 3,952
Account payable and accrued liabilities	$ 784
	$ 784

The operating results for the year ended March 31, 2011 were:

Year Ended March 31	2011 ($000's)
REVENUE	
Provincial contributions	$ 5,580
Federal contributions	4,970
Other revenue	201
	10,751
EXPENSES	
PST relief grant	5,580
Salaries	1,800
Licencing, compliance and administration	1,651
Research	925
Communications	475
	10,431
Surplus	$ 320

20. COMPARATIVE AMOUNTS

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

21. SUBSEQUENT EVENT

On May 4, 2011, a fire destroyed a new housing project in Richmond that is partially financed by the Commission. The developer has adequate insurance in place to cover the cost of the construction. The Commission provided financing of $20.5 million towards the project and has also secured the financing with land.

Financial Statements

Provincial Rental Housing Corporation
Financial Statements March 31, 2011

Provincial Rental Housing Corporation

Financial Statements March 31, 2011

Statement of Management Responsibility

The financial statements of the Provincial Rental Housing Corporation (the Corporation) are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles, consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates which have been made using careful judgment. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all information available at May 24, 2011. The financial statements have also been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors.

Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, careful selection and training of qualified personnel and appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management and the Audit and Risk Management Committee.

The financial statements have been examined by an independent external auditor. The external auditor's responsibility is to express their opinion on whether the financial statements, in all material respects, fairly present the Corporation's financial position, results of operations, changes in net assets and cash flows in accordance with Canadian generally accepted accounting principles. The Independent Auditor's Report, which follows, outlines the scope of their examination and their opinion.

The Board of Directors, through the Audit and Risk Management Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit and Risk Management Committee, comprised of a director who is not an employee, meets regularly with the external auditors, the internal auditors and management to satisfy itself that each group has properly discharged its responsibility to review the financial statements before recommending approval by the Board of Commissions. The Audit and Risk Management Committee also recommends the appointment of an external auditor to the Board of Directors. The external auditor has full and open access to the Audit and Risk Management Committee, with and without the presence of management.

Dan Maxwell
Chief Financial Officer

Craig Crawford
Vice President of Operations

May 24, 2011

BDO

Tel: 604 688 5421
Fax: 604 688 5132
vancouver@bdo.ca
www.bdo.ca

BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

Independent Auditor's Report

To the Shareholder of
Provincial Rental Housing Corporation

We have audited the accompanying financial statements of the Provincial Rental Housing Corporation which comprise the Statement of Financial Position as at March 31, 2011 and the Statements of Operations, Changes in Net Assets and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of the Provincial Rental Housing Corporation as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants

Vancouver, British Columbia
May 24, 2011

Statement of Financial Position

Provincial Rental Housing Corporation

As at March 31	2011 ($000's)	2010 ($000's)
ASSETS		
Investment in properties (Note 3)	$ 948,986	$ 739,717
Debenture subsidy receivable	900	910
Due from BC Housing Management Commission (Note 4)	34,383	14,177
Cash	1	1
	$ 984,270	$ 754,805
LIABILITIES		
Long-term debt (Note 5)	$ $217,955	$ 205,856
Interest payable	513	532
Unearned lease revenue	85,832	87,883
Funding in advance of construction (Note 6)	1,827	28,744
Deferred contributions (Note 7)	411,489	180,686
Property sale deposit (Note 9)	20,000	20,000
	737,616	523,701
Net assets	246,654	231,104
	$ 984,270	$ 754,805

On behalf of the Board

Director Director

See accompanying notes to the financial statements

Statement of Operations

Provincial Rental Housing Corporation

Year Ended March 31	2011 ($000's)	2010 ($000's)
REVENUE		
Directly managed debenture subsidy	$ 13,178	$ 13,351
Contribution revenue	12,972	4,934
Group home mortgage subsidy	8,972	8,964
Gain on sale of property	2,772	1,438
Lease revenue	2,105	1,724
	39,999	30,411
EXPENSES		
Depreciation	14,017	9,664
Interest on long-term debt	11,619	12,224
Group home and self insurance claims	2,071	1,275
	27,707	23,163
Excess of revenue over expenses for the year	$ 12,292	$ 7,248

See accompanying notes to the financial statements

Statement of Changes in Net Assets

Provincial Rental Housing Corporation

Year Ended March 31	Invested in Properties ($000's)	Group Home Replacement Reserves (000's)	Self Insurance Reserves (000's)	Unrestricted (000's)	2011 (000's)	2010 (000's)
Balance, beginning of year	$ 265,292	$ 6,061	$ 10,937	$ (51,186)	$ 231,104	$ 218,700
Excess of revenue over expenses for the year	(3,410)	-	(1,735)	17,437	12,292	7,248
Additional funding for year	-	(236)	4,314	(4,078)	-	-
Other funding received	(42,628)	-	-	42,628	-	-
Transfer for repayment of debt	11,198	-	-	(11,198)	-	-
Transfer from province for investment in properties	3,258	-	-	-	3,258	5,156
Balance, end of year	$ 233,710	$ 5,825	$ 13,516	$ (6,397)	$ 246,654	$ 231,104

See accompanying notes to the financial statements

Statement of Cash Flows

Provincial Rental Housing Corporation

Year Ended March 31	2011 ($000's)	2010 ($000's)
Cash flows provided by (used in)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 12,292	$ 7,248
Adjustments to determine cash flows:		
Depreciation	14,017	9,664
Amortization of unearned lease revenue	(2,051)	(2,051)
Amortization of deferred contributions	(12,972)	(4,934)
Gain on sale of property	(2,772)	(1,438)
Change in non-cash working capital	(9)	(90)
	8,505	8,399
INVESTING ACTIVITIES		
Property acquisitions	(224,934)	(129,943)
Proceeds on sale of property	4,419	3,655
	(220,515)	(126,288)
FINANCING ACTIVITIES		
New financing	23,297	8,642
Long-term debt repayment	(11,197)	(13,343)
Funding in advance of construction	(26,917)	12,194
Deferred contributions	243,775	107,608
Property acquisition contribution receipts	3,258	5,157
Due to/from BC Housing Management Commission	(20,206)	(2,369)
	212,010	117,889
Increase (decrease) in cash	-	-
Cash, beginning of year	1	1
Cash, end of year	$ 1	$ 1
Supplemental cash flow information		
Interest received	$ 175	$ 84
Interest paid	$ 11,638	$ 12,243

See accompanying notes to the financial statements

Notes to the Financial Statements

Provincial Rental Housing Corporation
March 31, 2011

1. GENERAL

The Provincial Rental Housing Corporation was incorporated under the Company Act of the Province of British Columbia in 1961. The Corporation is wholly owned by the Province, and is an agent of the Crown. The Corporation is exempt from federal and provincial income taxes.

The Corporation holds property for social and other low cost housing for the Province. It also holds land under long-term leases to housing sponsors. The subsidized rental housing units of the Corporation are managed and operated by the British Columbia Housing Management Commission (the "Commission"), which is a Crown agency that records the related rental revenue and is responsible for all of the operating and administrative activities and related costs. Separate financial statements are prepared for the Commission.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Use of Estimates
In preparing these financial statements management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The service life of buildings require the greatest degree of estimation. Actual results could differ from those estimates.

Investment in Properties
The Corporation capitalizes its investment in properties at cost and depreciates its buildings on the straight-line method.

Effective April 1, 2010, depreciation on buildings and betterments was changed. Newly constructed buildings are depreciated on a 40 year amortization period. Purchases of older buildings are depreciated over the remaining estimated useful life of the building. Betterments to buildings are depreciated over the extended remaining life of the building. This is regarded as a change in accounting estimate as the previous amortization rate for new construction and building purchases was 25 years, and betterments were depreciated over the remaining amortization period. The effect of this change in estimates is a net reduction to depreciation expense of $1,576,000 in the current year.

Construction in progress is not subject to depreciation until the project is complete and transferred to buildings.

Property Leases
The Corporation leases property used for housing projects to housing sponsors. These sixty-year leases are prepaid by the housing sponsors when the housing projects are completed and ready for occupancy. The Corporation amortizes the lease revenue over the term of each lease and records the unearned portion as unearned lease revenue.

Deferred Contributions
Funding received from the Province used for acquisition of depreciable capital assets is recorded as deferred contributions and is recognized as a recovery in the statement of operations equal to depreciation charged on related depreciable capital assets.

Funding received from the Province for acquisition of non-depreciable capital assets, such as land, is allocated to net assets invested in properties when the related assets are acquired.

Net Assets Invested in Properties
For some social housing projects and group homes, the Province provides grants to the Corporation for a portion of the construction costs. The Corporation records the portion of the grant relating to land as Net Assets Invested in Properties when the projects are completed.

From time to time, the Corporation disposes of property purchased for social housing projects that cannot proceed due to various circumstances. The proceeds from these sales are applied against the cost of purchasing alternate sites as appropriate. Any surplus or deficiency resulting from those sales is credited or charged to revenue.

Financial Instruments

The Corporation's financial instruments consist of debenture subsidy receivable, due from BC Housing Management Commission, cash, long-term debt and interest payable. These financial instruments are accounted for as follows:

Loans and receivables The Corporation has classified the following financial assets as loans and receivables: debenture subsidy receivable and due from BC Housing Management Commission. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in net income upon de-recognition or impairment. Given the short-term nature of these items their carrying value equates to their fair value.

Other financial liabilities The Corporation has classified the following financial liabilities as other financial liabilities: long-term debt and interest payable. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Other financial liabilities are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in net income upon de-recognition or impairment. The fair value of interest payable equates its carrying value. See Note 5 in regard to fair value of long-term debt.

New Accounting Pronouncements

September 7, 2010, Treasury Board issued directive to all tax-payer supported Crown agencies to adopt Public Sector Accounting Standards, without not for profit provisions, for all fiscal years commencing after January 1, 2011. Management is currently assessing the impact to the financial statements.

3. INVESTMENT IN PROPERTIES

	Cost	Accumulated depreciation	2011 ($000's) Net book value	2010 ($000's) Net book value
Land	$ 439,710	$ -	$ 439,710	$ 435,931
Buildings	447,221	141,371	305,850	168,954
Construction in progress	203,426	-	203,426	134,832
	$ 1,090,357	$ 141,371	$ 948,986	$ 739,717

4. DUE FROM BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

Amounts represent funds advanced for the acquisition and development of properties under social housing programs. The amounts are non-interest bearing with no set terms of repayment.

5. LONG-TERM DEBT

	2011 ($000's)	2010 ($000's)
Canada Mortgage & Housing Corporation (CMHC) Debenture mortgages repayable at the end of each year, maturing between the years 2024 and 2027, bearing interest at rates from 4.35% to 14.25%, and secured by unregistered first mortgages on properties of the Corporation (fair value - $108,776; 2010 - $120,659)	$ 88,874	$ 94,863
Chartered banks and CMHC Mortgages repayable monthly over terms of up to 35 years, bearing interest at rates from 0.08% to 8%, and secured by registered first mortgages on properties of the Corporation (fair value - $125,344; 2010 - $116,110)	129,081	110,993
	$ 217,955	$ 205,856

Fair values were estimated by calculating the present value of the future mortgage payments discounted at the March 31st, 2011 yield of the Government of Canada benchmark bond plus 50 basis points.

The aggregate principal repayments required in each of the next five fiscal years are estimated to be as follows:

	($000's)
2012	$ 46,149
2013	23,213
2014	21,413
2015	29,825
2016	14,450
Thereafter	82,905
	$ 217,955

6. FUNDING IN ADVANCE OF CONSTRUCTION

This balance represents construction funding received from various Provincial ministries in advance of property acquisition and construction of non-profit housing and group homes. Interest does not accrue on funds received.

7. DEFERRED CONTRIBUTIONS

	2011 ($000's)	2010 ($000's)
Balance, beginning of year	$ 180,686	$ 78,012
Receipts	239,359	106,883
Amortization	(8,556)	(4,209)
Balance, end of year	$ 411,489	$ 180,686

8. RELATED PARTY TRANSACTIONS

a. Insurance
The Corporation does not insure most of its rental housing properties. Instead property losses are compensated by the Province through the Commission and, for certain properties, by CMHC.

b. Directly Managed Debenture Subsidy
Directly managed debenture subsidy represents funds received from the Commission for the principal and interest costs of the long-term debt related to directly managed properties.

c. Group Home Mortgage Subsidy
Group home mortgage subsidy represents the funds received from the Commission for mortgage payments to chartered banks and CMHC.

d. Administration and Financing
The Commission acts as agent in administering and financing the operations and capital projects of the Corporation. No administration costs are charged to the Corporation for such services performed.

9. PROPERTY SALE DEPOSIT

In 2008, the Corporation made a commitment to sell its Little Mountain property. The date of transfer of the property is conditional upon zoning approval by the City of Vancouver. The transfer will result in a material gain on sale, the amount of which will not be determinable until the title to the property is actually transferred.

10. FINANCIAL INSTRUMENT RISKS

The Corporation, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks at March 31, 2011.

a. Credit Risk

Credit risk is the risk that the Corporation will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Corporation to credit risk consist primarily of the funds due from the Commission (note 4).

b. Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is not exposed to foreign exchange risk.

c. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is subject to interest rate risk on its long term debt portfolio. The Corporation mitigates this risk by maximizing its borrowing from CMHC and seeking competitive interest rates from financial institutions. The Corporation is also able to mitigate short term interest rate changes through the Commission's ability to borrow directly from the Provincial Treasury.

d. Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Corporation is not exposed to market risk.

e. Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Commission administers the finances of the Corporation and maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

11. CAPITAL DISCLOSURES

The Corporation considers its capital to be its net assets invested in properties, group home replacement reserves, self insurance reserves and unrestricted net assets. The Corporation's objectives when managing its capital are to safeguard its ability to continue as a going concern so it can continue to provide housing services. Annual budgets are developed and monitored to ensure the Corporation's capital is maintained at an appropriate level.

As a Crown corporation, the Corporation cannot incur an annual or cumulative deficit without the prior approval of the Minister of Housing and Social Development.

Contact Information

Home Office
Suite 1701 – 4555 Kingsway
Burnaby, BC V5H 4V8
Telephone: 604 433-1711
Fax: 604 439-4722
E-mail: webeditor@bchousing.org

Interior Region
290 Nanaimo Avenue West
Penticton, BC V2A 1N5
Telephone: 250 493-0301
Outside Penticton call: 1-800-834-7149
Fax: 250 492-1080
E-mail: interiorregion@bchousing.org

Fraser Region
Suite 800 – 5945 Kathleen Avenue
Burnaby, BC V5H 4J7
Telephone: 604 525-3033
Fax: 604 525-8201
E-mail: fraserregion@bchousing.org

Vancouver Coastal Region
Suite 510 – 369 Terminal Avenue
Vancouver, BC V6A 4C4
Telephone: 604 609-7024
Fax: 604 609-7031
E-mail: vancoastalregion@bchousing.org

Homeowner Protection Office
Suite 650 – 4789 Kingsway
Burnaby, BC V5H 0A3
Telephone: 604-646-7050
Toll-free in Canada: 1-800-407-7757
Fax: 604 646-7051
Email: hpo@hpo.bc.ca

Northern Region
1539 – 11 Avenue
Prince George, BC V2L 3S6
Telephone: 250 562-9251
Outside Prince George call:
1-800-667-1235
Fax: 250 562-6488
E-mail: northernregion@bchousing.org

Northern Region:
Prince Rupert Area Office
1400 Kootenay Avenue
Prince Rupert, BC V8J 3X5
Telephone: 250 627-7501
Fax: 250 627-8975
E-mail: northernprregion@bchousing.org

Vancouver Island Region
Suite 301 – 3440 Douglas Street
Victoria, BC V8Z 3L5
Telephone: 250 475-7550
Fax: 250 475-7551
E-mail: vanislandregion@bchousing.org

Program and Information Line
1-800-257-7756
Website: www.bchousing.org

Appendices & Glossary

Appendix A – Changes in Reporting

The following is a summary of reporting changes:

Goal 3: Provide Access To Appropriate Housing And Services For Vulnerable British Columbians

MEASURE: PERCENTAGE OF HOMELESS INDIVIDUALS ACCESSING HOUSING WHO REMAIN HOUSED SIX MONTHS AFTER PLACEMENT

With the termination of the performance measure "Percentage of Nights Where Shelters Are At Full Occupancy" as of March 31, 2010, reporting on the Emergency Shelter Program was incorporated into the "Percentage of Homeless Individuals Accessing Housing Who Remain Housed Six Months After Placement" measure.

This measure now reports on the percentage of individuals who were housed through either the *Homeless Outreach Program*, the *Aboriginal Homeless Outreach Program* or the *Emergency Shelter Program* and whose housing status could be verified at the six month anniversary of being housed.

The original result for 2009/10, was 89 per cent based upon individuals housed through the either the *Homeless Outreach Program* or the *Aboriginal Homeless Outreach Program* only. To provide a more relevant comparison moving forward, the 2009/10 result was recalculated to include the *Emergency Shelter Program*. The inclusion of the *Emergency Shelter Program* altered the result to 86 per cent.

Appendix B – Disclosure of Key Reporting Judgments

Goal 1: Respond to Gaps in the Housing Continuum

MEASURE: NUMBER OF NEW UNITS/BEDS CREATED IN PRIORITY AREAS

About the Measure

This measure reports on the number of new housing units or beds created at the supportive end of the housing continuum during the reporting period. Through funding programs, such as the *Independent Living BC, Provincial Homelessness Initiative, Community Partnership Initiatives, Aboriginal Housing Initiative* and through Memoranda of Understanding negotiated with local governments, BC Housing adds new housing units for priority groups identified as being our "most vulnerable," such as frail seniors, Aboriginal households, persons with physical and mental disabilities as well as individuals who are homeless, many of whom are living with mental illness, addictions and other challenges.

Seniors and disabled individuals in need of affordable rental housing are also a growing priority. As such, the federal-provincial program *Seniors' Rental Housing* initiative for low- and moderate-income seniors and persons with disabilities was created in 2009/10. Units created under the *Seniors' Rental Housing* initiative are also included in this measure.

The following table details the new units created in 2010/11.

FUNDING PROGRAM	TOTAL
Community Partnership Initiatives	474
Seniors' Rental Housing Initiative	426
Memorandum of Understanding	254
Provincial Homelessness Initiative	243
Housing Endowment Fund	134
Emergency Shelters	84
Aboriginal Housing Initiative	77
Wholly Provincial Programs	58
Preserved Affordable Housing Stock	44
Provincial Housing Program	8
Group Homes	6
Non-Profit Post 85 Funding Programs	4
Total of all new units created	**1,812**

Data Sources and Methodology

This measure reports on the number of units or beds funded by BC Housing which have reached completion and/or are ready for occupancy during the reporting period. Information to support this measure is captured through BC Housing's information systems.

Reliability of the Data

The complexity of the development process and other external factors, including changes in programs or funding levels, can contribute to a result above or below the established targets. Industry trends – including interest rates, construction costs, labour availability and other factors – can also influence the outcomes. Targets are based on committed funding under existing programs.

Benchmarks

Performance is benchmarked internally against past performance. No external benchmark is available.

Goal 1: Respond to Gaps in the Housing Continuum *(continued)*

MEASURE: NUMBER OF NEW HOUSEHOLDS ASSISTED THROUGH RENT ASSISTANCE PROGRAMS

About the Measure

Rent assistance programs represent an important element in the government's housing strategy. This measure reports on the number of new households assisted under BC Housing's *Rental Assistance Program* and *Shelter Aid for Elderly Renters*.

Data Sources and Methodology

This measure reports on the number of new households in either the *Rental Assistance Program* or *Shelter Aid for Elderly Renters* who have received a rent subsidy during the relevant reporting period.

The definition of new household is defined as:

- A household that is receiving rent subsidies for the first time; or
- A household that is re-entering the relevant program after a minimum of three months without any subsidy.

Households receiving subsidies under either program must meet set eligibility criteria in order to qualify for a rent subsidy. To ensure that the subsidies are reaching the target groups, households' eligibility status are monitored to ensure they remain eligible for subsidies under the relevant program. Should a household experience changes such as improved financial circumstances, they may no longer be eligible for support under the program and subsidies are no longer provided.

In order to accommodate changes in one's circumstances, a household is able to reapply for rent subsidies provided they have met the eligibility criteria and have had a minimum of three months break from the relevant program.

This measure monitors the number of households receiving subsidies, within a specified reporting period, under either program. If an applicant or household has received a rent subsidy, they are identified as an "Active" client within the system.

Reliability of the Data

Information to support this measure is based on past performance and is captured through BC Housing's information systems.

It should be noted that these programs support a high volume of applicants with applicants required to meet a set eligibility criteria for inclusion in either program. As such, applicants are required to reapply on an annual basis to ensure they are still eligible for the relevant program.

It is possible, where life circumstances may change, that an applicant may be eligible in one year, ineligible the following year, but may be eligible in the third year. In this example, an applicant would receive a subsidy in years one and three, but none in year two. This ensures that the *Rental Assistance Program* and *Shelter Aid for Elderly Renters* continue to support the households they were designed to assist.

A review of the existing reporting query is being conducted, and enhancements will be applied to ensure that the automated reports identify only those clients with a status of "Active". This will remove the requirement for manual filtering of clients with a status other than "Active" and will therefore mitigate the possibility of inclusion of clients not receiving a subsidy within the defined reporting period.

Benchmarks

Performance is benchmarked internally against past performance. No external benchmark is available.

Goal 1: Respond to Gaps in the Housing Continuum *(continued)*

MEASURE: NUMBER OF EXISTING UNITS ADAPTED TO HIGHER PRIORITY NEEDS

About the Measure

Recognizing the importance of ensuring those in greatest need have access to safe and appropriate housing, this measure was developed in order to provide an overall indicator to monitor the number of existing units which have been converted, adapted or re-targeted to serve clients with higher priority needs. Higher priority need groups include low-income or frail seniors, women and children fleeing violence, persons with mental illness or addictions-related challenges and/or other special housing needs.

Due to the diversity of services and programs captured under this measure, it was necessary to employ a common term when aggregating the various sub-measures monitored. Each program monitors their service delivery in the most appropriate manner, based upon the unique aspects of the program, which takes into consideration all available resources and the people being served. How a program is measured, for example, in terms of "people served" or "housing units" may not be consistent from program to program or even site to site within the same program. This results in a mixture of people and housing units.

To facilitate an overall report that enabled us to monitor the diversity of services and programs contained within the measure, the common term of "units" has been utilized. The term "units" is used to capture the range of beds, rooms, homes and, in some instances, the number of people served.

Tracking each component in terms of units assists in mitigating against the potential for double counting as each component is counted individually, with the aggregated results reported.

Data Sources and Methodology

Targets are based on historical data on the number of individuals assisted through BC Housing's *Health Services Program, Priority Placement Program,* and *Seniors' Supportive Housing* as well as other partnership initiatives. The targets also reflect the expected availability of resources in the community.

Reliability of the Data

The Health Services and Applicant Services departments report results quarterly. The results can vary depending on the availability of suitable units and the availability of funding for the necessary support services. Success in meeting the objectives and targets related to this measure is also dependent on BC Housing's ability to identify appropriate partnership opportunities with the health authorities and service delivery organizations in the community.

Benchmarks

Performance is benchmarked internally.

Goal 2: Protect And Manage Existing Housing For The Long-Term

MEASURE: PERCENTAGE OF CLIENTS REPORTING SATISFACTION WITH THE QUALITY AND SAFETY OF THEIR HOUSING

About the Measure

This measure reports on the level of satisfaction reported by tenants living in public housing, that is, housing directly managed by BC Housing.

Data Sources and Methodology

This measure is based on a tenant survey and reflects the percentage of tenants indicating they are "very satisfied" or "satisfied" in response to the question, "How would you rate your overall satisfaction with your current housing?"

The survey methodology, adopted 2009/10 for collecting data for this measure, employs a third party survey research firm to manage the survey process by administering the questionnaire to all tenants at the same time. The questionnaire sent to tenants contains the question: "How would you rate your overall satisfaction your current housing?" with the results based on a 5 point scale system. Results for future targets are based on this survey methodology.

The targets are based on the percentage of tenants indicating they are "very satisfied" or "satisfied" with their current housing. The survey company also provides a key driver analysis to provide useful insights into specific focus areas where gains or improvements would be most impactful.

Reliability of the Data

The survey methodology typically provides a confidence level of 95 per cent with a maximum margin of error of plus/minus three per cent.

Benchmarks

Performance is benchmarked internally against past performance. In addition, results are compared informally to published results reported by housing providers in other jurisdictions. However, no formal external benchmarking process has been established.

Goal 2: Protect And Manage Existing Housing For The Long-Term *(continued)*

MEASURE: PERCENTAGE OF SOCIAL HOUSING PROVIDERS MEETING FINANCIAL AND OPERATIONAL STANDARDS

About the Measure

This measure provides an indication of the extent to which social housing providers are meeting the financial and operational standards set out in their agreements. It also gives the assurance that the existing social housing portfolio is well-managed, well-maintained and protected for the long-term.

Data Sources and Methodology

Data to support this measure is gathered through the operational review process carried out by BC Housing with housing providers. This process is based on site and building audits designed to assess housing performance in the following key areas:

- Maintenance and building inspections;
- Financial management;
- Resident management;
- Information and records management; and
- Human resource management.

A score is assigned based on the assessment and appropriate follow-up actions taken.

As part of our focus on continuous improvement, BC Housing conducted a detailed review of the operational review process, in consultation with the non-profit housing providers. As a result of the consultation, a refined reporting tool will be used by non-profit housing providers commencing April 1, 2011. The impact of this new reporting tool on the data and methodology associated with this measure will be carried out over the next year.

Reliability of the Data

The operational review process is designed to confirm that services are delivered in an appropriate manner and identify potential problems before they arise. All housing providers that receive an operating budget are subject to an operational review.

Benchmarks

Performance is benchmarked internally against past performance.

Goal 2: Protect And Manage Existing Housing For The Long-Term *(continued)*

MEASURE: RATIO OF REPLACEMENT RESERVE CONTRIBUTIONS TO ACTUAL EXPENDITURES

About the Measure

This measure compares average annual replacement reserve contributions to expenditures as a means of providing reasonable assurance against future risk. It is being discontinued as of 2011/12 and replaced with the new measure Facility Condition Index (FCI). The final report-out on the ratio of replacement reserve contributions to actual expenditures are included in this Annual Report.

Data Sources and Methodology

This measure compares average annual contributions to expenditures based on a five-year average for the non-profit housing stock and the federal housing portfolio. Information to support this measure is collected through BC Housing's information systems as part of the financial review process.

Reliability of the Data

To date, the data collected and analyzed has been limited to the non-profit social housing portfolio, which in itself is reliable. Over time, however, it has become evident that this measure has become limited in terms of being an informative and useful indicator of trends and the adequacy of the future capital needs of social housing. Additionally, this measure has not included information about the directly managed housing stock. A review of this measure has been necessary to provide a more complete understanding of the social housing portfolio in the province.

As a result, the new FCI measure has been developed with the aim of addressing the limitations associated with this measure and to provide an enhanced and comprehensive planning tool that can be used to assist with making strategic decisions about both the directly managed and non-profit managed housing portfolios.

Benchmarks

Performance is benchmarked internally against past performance.

Goal 3: Provide Access To Appropriate Housing And Services For Vulnerable British Columbians

MEASURE: PERCENTAGE OF NEW APPLICANTS REPORTING SATISFACTION WITH THE PROCESS

About the Measure

This measure tracks the extent to which applicants are receiving the information they need when applying for housing assistance. The feedback received helps to strengthen and improve our business processes.

Data Sources and Methodology

Data to support this measure is captured through an applicant feedback form, which is included as part of the application process. Using a five-point scale, applicants are asked questions related to their satisfaction with:

- The information they received when applying for housing;
- The ease and clarity of the application form;
- The helpfulness of the materials and listings provided; and
- The knowledge and helpfulness of staff.

Applicants are asked to complete the feedback form and return it with their application. Results are tracked and reported quarterly.

Reliability of the Data

Satisfaction levels are monitored closely to review a wide range of factors, including the effects of revised tenant eligibility and selection processes (to prioritize applicants based on the depth and urgency of their housing need) and the higher level of detailed application information required for priority access to housing that were implemented in 2008/09.

Benchmarks

The target of a minimum of 90 per cent reporting satisfaction reflects a benchmark established internally against past performance. No external benchmark is available.

Goal 3: Provide Access To Appropriate Housing And Services For Vulnerable British Columbians *(continued)*

MEASURE: PERCENTAGE OF HOMELESS INDIVIDUALS ACCESSING HOUSING WHO REMAIN HOUSED SIX MONTHS AFTER PLACEMENT

About the Measure

Tracking housing stability is an important factor in being able to measure performance programs and initiatives designed to break the cycle of homelessness. Recent research has shown that providing housing and appropriate supports to homeless individuals in the first six months can have a meaningful impact on housing stability.

Measuring and tracking the homeless population is a relatively new and emerging field of study. Recent studies are contributing to a body of knowledge both within B.C. and other jurisdictions, that benefits from service provider feedback, emerging techniques for locating homeless individuals and general improvements to the methodology when locating homeless individuals. BC Housing is taking a similar approach to managing this measure, continually providing more information and analysis regarding the results.

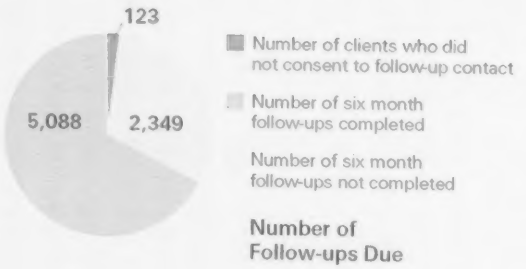
Data Sources and Methodology

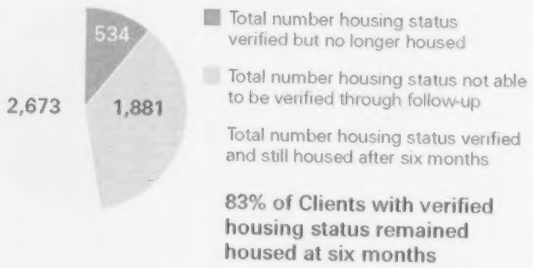
The Homelessness Services System (HSS) database captures information about homeless people who receive services through the *Emergency Shelter Program*, the *Homeless Outreach Program*, the *Aboriginal Homeless Outreach Program*, and the *Homeless Rent Supplement Program*. The 2010/11 reporting year saw the integration of the *Emergency Shelter Program* under this measure.

Information about the homeless housed through these programs is recorded in the database by the outreach worker and follow-up, with individuals who have given consent for follow-up, is be conducted at their six month anniversary of being housed, in order to track tenancies. This measure calculates the percentage of persons where follow-up was completed, housing status was verified and they have remained housed for six consecutive months.

The process for gathering information for this performance measure involves a number of steps. Individuals who have consented to follow-up at the six month anniversary of being house are contacted by an outreach worker. At this point, the outreach worker identifies whether or not the individual is housed either at the original location or at a different location, or is no longer housed. The population whose housing status has been verified (as either housed or no longer housed) is reported in this measure.

Using relevant 2010/11 data, the pie charts provide an overview of the measure's methodology.


123
5,088
2,349
Number of clients who did not consent to follow-up contact
Number of six month follow-ups completed
Number of six month follow-ups not completed
Number of Follow-ups Due


534
2,673
1,881
Total number housing status verified but no longer housed
Total number housing status not able to be verified through follow-up
Total number housing status verified and still housed after six months
83% of Clients with verified housing status remained housed at six months

Goal 3: Provide Access To Appropriate Housing And Services For Vulnerable British Columbians *(continued)*

MEASURE: PERCENTAGE OF HOMELESS INDIVIDUALS ACCESSING HOUSING WHO REMAIN HOUSED SIX MONTHS AFTER PLACEMENT *(continued)*

Of the 7,560 homeless individuals who accessed housing in the relevant period prior to a six month follow-up being required, 7,437 individuals consented to follow-up contact at the six month anniversary of being housed and 123 did not consent to follow-up contact.

Of the portion of the population due for six month follow-ups, it was identified that existing resources allowed for the outreach or shelter workers to conduct 5,088 follow-ups, but they were not able to complete 2,349.

The outreach and shelter workers were able to verify the housing status of 3,207 of the 5,088 homeless individuals, wherein in 2,673 individuals remained housed and 534 individuals were no longer housed. Although contact was attempted with a further 1,881 individuals, contact was unsuccessful and therefore, we were unable to verify these individuals' housing status.

Often the workers must make several attempts before housing status is verified, and as their first priority is to find housing, housing status is not always verified in the given time. In addition, some of the required follow-ups are simply not able to be accomplished.

Reliability of the Data

Measurement is based upon those clients whose housing status is recorded in the database system by the outreach and shelter workers, who issued consent for follow-up contact at their six month anniversary of being housed and whose housing status could be verified as either "remaining housed" or "no longer housed." Reporting on verified only data provides BC Housing with the highest level of data integrity possible for this measure, based upon the current methodology.

The final result does not include individuals who did not issue consent for follow-up contact.

Benchmarks

The methodology was applied to this measure in anticipation of being able to benchmark against other jurisdictions. As indicated above, as time progresses, our understanding of the population has evolved, as is our understanding of other jurisdictions. We continue to seek opportunities to informally compare results with other agencies particularly in Canada and the United States using similar methods.

Formally, benchmarking will be conducted, internally, against previous years. Using historical data, a comparison study will be conducted that identifies the difference in year-to-year results.

Goal 3: Provide Access To Appropriate Housing And Services For Vulnerable British Columbians *(continued)*

MEASURE: PERCENTAGE OF CLIENTS BELONGING TO PRIORITY GROUPS IN SUBSIDIZED HOUSING

About the Measure

This measure reports on the extent to which those in greatest need receive priority assistance for housing. For the purpose of this measure, low-income and frail seniors, persons with physical and mental disabilities, women and children who have experienced domestic violence and those facing alcohol and drug addiction challenges, Aboriginal families and individuals, those who are homeless or at risk of homelessness are considered to be among those in greatest need. Clients using either *Shelter Aid for Elderly Renters* and the *Rental Assistance Programs* are excluded from this measure.

Data Sources and Methodology

This measure is calculated by taking the current inventory of subsidized housing and determining the percentage of units that are available for each of the designated priority groups.

The greatest challenge regarding this measure was in determining the best way to provide a single, meaningful indicator that captured all the priority groups included in the measure. Each program measures in units however, depending on the program, a unit may be a room, a bed or a person.

For example, an Aboriginal family provided with social housing would be measured in terms of a unit of housing (apartment/house), a client with special needs provided with housing in a group home may be measured in terms of either a bedroom or a bed in a shared room, and a client fleeing domestic violence and accessing a transition house may be measured in terms of the number of clients supported by the transition house.

The complexities contained within this measure, given the diversity of clients supported and the range of services required to provide safe and adequate housing, presented a significant challenge. Each of the programs report independently providing the opportunity to monitor any changes at the program level. The overall "percentage of clients belonging to priority groups in subsidized housing" provides an overall indicator of how BC Housing is continuing to prioritize those clients in greatest need and ensuring they have speedy access to safe and appropriate, secure housing.

Reliability of the Data

Due to information limitations, this measure is likely under-reporting the extent to which the designated priority groups are being served. Changes to BC Housing's application process will help to provide better and more complete information for future reporting.

Additionally, a detailed review of the methodology for this measure is underway. The primary focus of the review is to investigate the possibility of providing further clarity around the mix of "housing units" and "people" in order to mitigate against the possibility of double counting. While the risk of double counting is more of an exception, it may occur if, in order to meet the ever increasing demands and priorities, a person may be housed under a service program but the housing unit may be funded by a different program. This may result in both the person and the housing unit being counted.

It has also been identified that the number of "fully and partially modified units" included in this measure is likely under-reported. The number of "fully and partially modified units" included in this measure is based upon a study conducted in 2006. Technical issues have prevented us from substantiating this study, therefore a review of the systems and processes that identify a modified unit is underway. It is anticipated that this review will result in an improved reporting process that will ensure we are capturing all appropriately modified units within this measure.

Benchmarks

Performance is benchmarked internally against past performance. No external benchmark is available.

Goal 4: Help Bring About Improvements In The Quality Of Residential Construction And Strengthen Consumer Protections

MEASURE: BUILDERS'RATING OF THE EFFECTIVENESS OF COMPLIANCE EFFORTS TO MONITOR AND ENFORACE LICENSING AND HOME WARRANTY INSURANCE REQUIREMENTS AND THE OWNER-BUILDER EXEMPTION

About the Measure

Thiis measure is an indicator of the overall health of the builder licensing, home warranty insurance and owner-builder exemption system whereby compliance issues are dealt with quickly and effectively. This measure is monitored bi-annually and is due to be measured in 2011/2012.

Data Sources and Methodology

Data for this measure is obtained through the biennial Licensed Residential Builder Survey. The survey is carried out by an independent market research firm, and is a self-administered questionnaire sent to all Licensed Residential Builders in the province.

Reliability of the Data

The response of 1,125 builders in the 2009/10 survey provides a confidence level of 95 per cent with a maximum margin of error of plus/minus 2.9 per cent.

In 2009/10, 86 per cent of builders felt they had a good or excellent relationship with their warranty provider. Specifically, 37 per cent of builders rated the relationship as excellent and 49 per cent rated it as good.

Additionally, 72 per cent rated the handling of complaints or claims from consumers as excellent or good, 45 per cent rated the cost of warranty insurance as excellent or good, and 84 per cent rated the ease of the application process for coverage as excellent or good.

Benchmarks

Performance is benchmarked internally against past performance with informal external benchmarking conducted with the Tarion Warranty Corporation in Ontario.

Goal 4: Help Bring About Improvements In The Quality Of Residential Construction And Strengthen Consumer Protections *(continued)*

MEASURE: HOMEOWNER SATISFACTION WITH HOME WARRANTY INSURANCE ON THEIR NEW HOME

About the Measure

This measure tracks homeowner satisfaction with the protection provided by home warranty insurance. This item is measured bi-annually and will be measured and reported for 2010/2011.

Data Sources and Methodology

Data for this measure is obtained through the biennial consumer survey. The survey is carried out by a market research firm, and surveys homeowners with warranty insurance under the *Homeowner Protection Act* on their home. Surveys are carried out through telephone interviews with randomly selected owners of homes with warranty insurance.

As homes age, customer satisfaction with the home warranty decreases and strategies are being implemented to explain the 2-5-10 warranty product to ensure that consumers are aware of the details of coverage.

Reliability of the Data

At the 95 per cent confidence level, the maximum margin of error on the total sample for the 2010/11 survey is plus/minus 4.9 per cent.

Benchmarks

Performance is benchmarked internally against past performance with informal external benchmarking conducted with the Tarion Warranty Corporation in Ontario.

Goal 5: Organizational Excellence

MEASURE: CONTROLLABLE ADMINISTRATION COSTS AS A PERCENTAGE OF PROGRAM DELIVERY COSTS

About the Measure

This measure assesses the efficiency of BC Housing's management practices by comparing the percentage of controllable administration costs to program delivery costs.

Data Sources and Methodology

This is an annual measure that is based on information captured in BC Housing's audited financial statements and is reported as a percentage of total program costs.

Reliability of the Data

The results have been benchmarked with other housing organizations through an independent, third-party review in 2006. The review found that BC Housing had the lowest cost profile of all of the organizations involved in the study and concluded that given variations in context and accounting across organizations, a year-over-year comparison within the same agency is the most valid comparator.

Benchmarks

Costs are standardized and benchmarked against a sample of six organizations including three with a provincial/territorial mandate and three that operate in a municipal context.

Goal 5: Organizational Excellence *(continued)*

MEASURE: PER-SQUARE-FOOT CONSTRUCTION COSTS

About the Measure

This measure compares per-square-foot construction costs of new housing developments with comparable developments in the private sector. This is an important measure of the cost-effectiveness of our development practices within the broader residential construction industry.

Data Sources and Methodology

This measure relies on the use of independent external verification to analyze the degree of variance between the per-square-foot construction costs for non-profit developments compared to comparable private market developments. The challenge with this measure is that due to the nature, scope and quality of the projects developed by BC Housing, there is no "direct competitor" within the private market place with which to easily compare. Additionally, comparison with the private sector may be further challenged by economic constraints and industry growth which directly impact the private construction sector, thereby affecting the pool of comparable projects.

Each year, a list of substantially completed wood-framed BC Housing projects is provided to a third party cost consulting firm for review. The list contains projects developed under BC Housing's various programs. The cost consultants then identify projects within the previous year that can most closely be compared with completed projects developed in the private sector during the same period. Once the short list is determined additional information is forwarded including all the supporting documentation (drawings, specifications, construction contract, capital budget, schedule of values (sets out detailed cost information) and certificate of payments.

Only wood-framed buildings built to the *Provincial Homelessness Initiative (PHI) Guidelines and Construction Standards* are used for this measure as these standards encompass most of the types of housing that BC Housing develops. The PHI program provides housing and support services to help individuals that are homeless or at risk of homelessness and covers a broad range of housing types. Other programs such as the *Aboriginal Housing Initiative* use the PHI standards also. Other BC Housing funding programs develop housing for which private market comparatives are not easily available such as seniors' modular housing and are therefore not included.

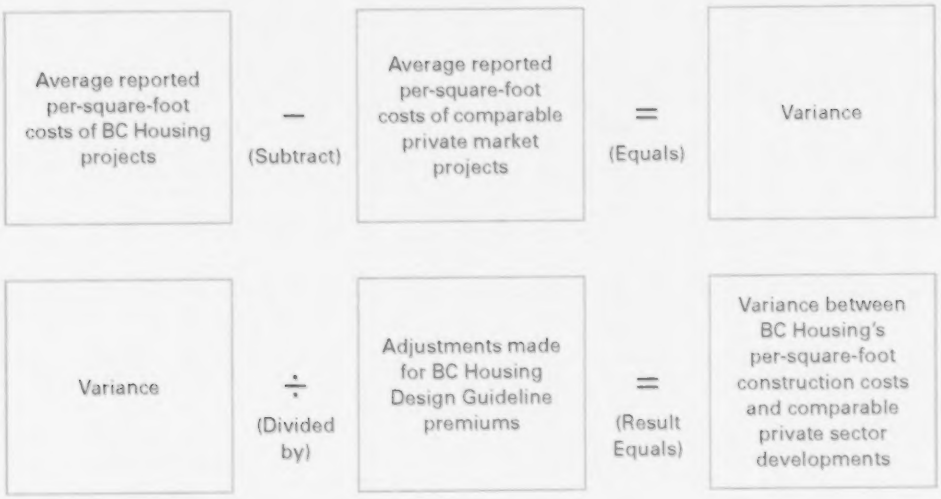
Results are triangulated against standard industry measures and cost data. Adjustments are made to reflect the design standards and requirements that in some cases exceed the standards and features provided in private market developments. The adjustments include:

- The effect of rising or falling construction costs;
- A factor for location is applied to take into account variations in construction costs due to design requirements and local market conditions;
- As BC Housing does not have the same parking requirements as the private market comparison projects, adjustments for gross floor area are applied. Only livable area is included in the determination of per-square-foot costs; and
- To reflect the added construction standards and needs for social housing projects, the following per-square foot premiums are subtracted from each project in order to account for the added cost variance of BC Housing developments:
  - *Site planning premiums* This premium reflects spatial density, tight site/downtown site premiums.
  - *Design elaboration* This premium covers upgraded mechanical and electrical systems and plumbing fixtures standards that are required by BC Housing over and above private market standards. It also covers the use of more durable materials for interior finishes.
  - *Construction standards* This premium reflects added construction standard required by BC Housing, e.g., LEED Gold environmental standard.

Goal 5: Organizational Excellence *(continued)*

MEASURE: PER-SQUARE-FOOT CONSTRUCTION COSTS *(continued)*

Once the data is collated, the following calculation is applied:


Average reported per-square-foot costs of BC Housing projects
— (Subtract)
Average reported per-square-foot costs of comparable private market projects
= (Equals)
Variance
Variance
÷ (Divided by)
Adjustments made for BC Housing Design Guideline premiums
= (Result Equals)
Variance between BC Housing's per-square-foot construction costs and comparable private sector developments

Comparisons are made by the third party cost consultant to determine the degree of variance.

Reliability of the Data

As stated the types of developments constructed through BC Housing's programs include a combination of services and amenity spaces that make it difficult to directly compare with the private market. The development process involves competing requirements that can influence the outcomes. This can make it difficult to get reliable comparisons with differences in time, location, building form, unit mix, amenities, scale, efficiency and quality.

Using cost data from projects completed in the previous year ensures that the consultants are using the most complete set of cost data available for comparison. This also ensures that BC Housing is provided the most realistic comparison possible as issues such as project variances and industry related economic impacts common to the development industry (public and private) have been addressed during the project's lifetime.

This cost data is then compared with cost data from private sector projects completed during the same period.

Benchmarks

Costs are standardized and benchmarked against a sample of private market buildings and industry cost data.

Goal 5: Organizational Excellence *(continued)*

MEASURE: PERCENT REDUCTION IN GREENHOUSE GAS (GHG) EMISSIONS

About the Measure

This measure considers GHG emissions from activities in offices and public housing buildings managed by BC Housing. The emissions are calculated based on energy consumption data from these buildings.

The total 2010 GHG emissions from buildings were 26,560 tonnes of CO_2e (carbon dioxide equivalent). In addition, BC Housing also emitted 212 tonnes of CO_2e related to fleet vehicles and paper.

Data Sources and Methodology

This measure considers GHG emissions from day-to-day operational activities in buildings owned or leased by BC Housing. The emissions are calculated based on energy and electricity consumption data from these buildings. They have not been corrected for weather effects.

Data is reported on a calendar year basis, e.g., performance for 2010/11 is based on data for the period of January 1 to December 31, 2010.

Intensity indicators of GHG emissions per floor area, or per tenant, or per employee, will be used to provide additional details and narrative regarding the GHG results. "Per tenant" means the "estimated tenant occupancy capacity" and "per employee" means per Full Time Equivalent (FTE).

Reliability of the Data

The data used was compiled in accordance with the legislated requirements. The reporting process included quality assurance processes; however, it has not been verified by an external third party.

The data is based on the energy data provided directly from the utilities, compiled by an external consultant. The GHG emissions were based on BC Climate Action Smart Tool reporting.

Benchmarks

Performance is benchmarked internally against past performance and progress is measured against the 2005 baseline data.

Goal 5: Organizational Excellence *(continued)*

MEASURE: EMPLOYEE ENGAGEMENT INDEX

About the Measure

This measure reports the level of employee engagement based on results from an annual staff survey.

Data Sources and Methodology

The survey instrument seeks to obtain staff feedback on the following:

- Clarity about what is expected;
- Having the right materials, tools and equipment;
- Having a good relationship with one's manager/supervisor;
- Having received positive recognition for work in the past month;
- Having the ability to use skills and talents to make a contribution;
- Having a sense of alignment with the corporate goals and objectives;
- Having clarity about how their work contributes to the broader goals and objectives;
- Having input into decisions that have personal impact;
- Having feedback on progress; and
- Having access to learning opportunities.

Reliability of the Data

Baseline data was gathered through a Commission-wide survey initiated in spring 2005 with follow-up surveys completed in 2007, 2008, 2009 and 2010. The survey is self-administered online with results being analyzed by an external research firm.

Benchmarks

The target is set to ensure that employee engagement continues to be an important focus within the organization. Results are benchmarked with other employers through the use of standard industry survey instruments. The database contains more than 10,000 responses from across different public- and private-sector organizations.

Appendix C – Glossary of Terms

Program Abbreviations and Acronyms at a Glance

AHOP	Aboriginal Homeless Outreach Program
AHI	Aboriginal Housing Initiative
CPI	Community Partnership Initiatives
ESP	Emergency Shelter Program
HEF	Housing Endowment Fund
HOP	Homeless Outreach Program
HPO	Homeowner Protection Office
HRP	Housing Renovation Partnership
ILBC	Independent Living BC
NIMBY	Not In My Backyard
PHI	Provincial Homelessness Initiative
RAP	Rental Assistance Program
SAFER	Shelter Aid for Elderly Renters
SHR	Supportive Housing Registration Service
SRO	Single Room Occupancy Hotel
SSH	Seniors' Supportive Housing
SRH	Seniors' Rental Housing

Aboriginal Homeless Outreach Program: Homeless Outreach workers directly engage homeless Aboriginal people living on the street and provide access to housing, income assistance, and community-based support services to help break the cycle of homelessness.

Aboriginal Housing Initiative: Provides funding to develop new, affordable housing for Aboriginal people living off-reserve and to meet long-term Aboriginal housing needs.

Affordable Housing: When housing costs do not exceed 30 per cent of a household's gross income, housing is considered affordable.

Assisted Living: Assisted living units are self-contained apartments for seniors or people with disabilities who need some support services to continue living independently, but do not need 24-hour facility care. Services provided include daily meals, social and recreational opportunities, assistance with medications, mobility and other care needs, a 24-hour response system and light housekeeping.

Building Envelope: The assemblies, components and materials of a building that are intended to separate and protect the interior space of the building from the adverse effects of exterior climatic conditions.

Building Envelope Renovation: The construction work on a residential building to either repair defects in the building envelope, which allow unintended water penetration, or to repair damage caused by unintended water penetration.

Building Envelope Renovator: A residential renovator who is licensed under the *Homeowner Protection Act* to either engage in, to arrange for, or to manage all or substantially all of a building envelope renovation.

Community Partnership Initiatives: This program helps our housing partners create a range of innovative housing projects for people in need. CPI offers one-time grants, access to consulting services, and construction and long-term financing for projects that do not need ongoing operating subsidies.

Co-operative Housing: A housing development in which individual residents own a share in the co-operative. This share grants them equal access to common areas, voting rights, occupancy of an apartment or townhouse and the right to vote for board members to manage the co-operative. Each member has one vote and members work together to keep their housing well-managed and affordable.

Core Housing Need: Households in core housing need are those who currently reside in housing that is either in need of major repair, does not have enough bedrooms for the size and makeup of the household, or costs 30 per cent or more of their total income, and who are unable to rent an alternative housing unit that meets these standards without paying 30 per cent or more of their income.

Directly Managed Housing: Refers to social housing, sometimes referred to as public housing, where BC Housing is responsible for the day-to-day property management.

Emergency Shelter: Short-stay housing of 30 days or less. Emergency shelters provide single or shared bedrooms or dorm-type sleeping arrangements, with varying levels of support to individuals.

Emergency Shelter Program: The program offers temporary shelter, food and other services to meet the basic nutritional and hygiene needs of people who are homeless as well as provides a gateway to support services that help individuals to stabilize their lives. There are approximately 60 homeless shelters and drop-in agencies funded by the government throughout British Columbia.

Group Home: A small, community-based development, usually under 10 beds/units, that provides affordable housing with supports to those with special needs including individuals with severe mental and physical disabilities, youth, and women with their children fleeing abuse. BC Housing provides administration and property management support for group homes on behalf of other provincial ministries and health authorities.

Homeless Outreach Program: Homeless outreach workers directly engage homeless people living on the street and provide access to housing, income assistance, and community-based support services to help break the cycle of homelessness.

Home Warranty Insurance and Third-Party Home Warranty Insurance: Under the *Homeowner Protection Act*, all residential builders in B.C. must be licensed and arrange for third-party home warranty insurance on proposed new homes prior to obtaining a building permit or obtain an applicable exemption. Minimum coverage and allowable exclusions for third-party home warranty insurance are set by legislation. Home warranty insurance can only be provided by insurance companies approved by the provincial Financial Institutions Commission. Insurance brokers acting on behalf of warranty insurance providers are regulated by the Insurance Council of B.C.

The Homeowner Protection Office, a branch of BC Housing, monitors the performance of the home warranty insurance system in accordance with the Act and its regulations, but has no authority to regulate warranty providers or insurance brokers. In geographic areas where building permits are not required for new home construction, licensing and warranty insurance must be in place prior to the commencement of construction. Owner builders are exempt from the licensing and warranty insurance requirements.

Homeowner Protection Office: A Crown agency established under the *Homeowner Protection Act* in 1998 with responsibility for the residential builder regulatory system, research and education in building science and consumer information, and, financial assistance for owners of water-damaged homes.

In April 2010, many responsibilities under the Act and most functions were transferred to BC Housing and administration of the Reconstruction Loan Portfolio was transferred the Ministry of Finance. The Homeowner Protection Office is now a branch of BC Housing.

Housing Endowment Fund: The fund is a $250 million capital endowment that was established to encourage new ideas and support innovative housing solutions. The intent is to allocate available revenue on an ongoing basis each year.

Homeless Rent Supplement: Through the *Homeless Outreach Program* and the *Aboriginal Homeless Outreach Program*, outreach service providers may provide clients with a rent subsidy for housing in the private market.

Housing Providers: Non-profit housing societies and housing co-operatives that own and manage subsidized housing developments. This term can also include private market landlords through whom BC Housing provides rent assistance to low-income households.

Housing Renovation Partnership: A $177 million cost-shared joint agreement between the Governments of Canada and British Columbia announced in October 2009. The funding is used to renovate and retrofit social housing in greatest need of repair throughout the province.

Independent Living BC: Created in 2002, this housing-for-health program serves seniors and people with disabilities who require some support, but do not need 24-hour institutional care. ILBC offers a middle option to bridge the gap between home care and residential care.

NIMBY: Community opposition to new social housing developments based upon fear, assumptions and stereotypes that some people may harbour about the individuals who will live in these developments.

Non-Profit Housing: Rental housing that is owned and operated by community-based, non-profit societies. The mandates of these societies are to provide safe, secure, affordable accommodation to households with low to moderate incomes. Most non-profit housing societies receive some form of financial assistance from government to enable them to offer affordable rents. Each society operates independently under the direction of a volunteer board of directors.

Operating Budget: The annual budget for a non-profit or co-operative housing development. The budget forecasts the costs of operating a development, based on income and expenses, and is used to determine the subsidy level BC Housing provides each month to run the building.

Operating Subsidy: BC Housing provides monthly subsidies to organizations to fund the costs of operating subsidized-housing units. The subsidy is based on the operating costs set out in the annual budget, less the total rents/housing charges collected from tenants. Subsidy payments include rent subsidies/repayable assistance and cover the mortgage payments, building maintenance and other shelter-related costs.

Owner Builder: An individual who is exempt from the *Homeowner Protection Act's* licensing and home warranty insurance requirements in order to build a detached or single self-contained dwelling unit for personal use.

Provincial Homelessness Initiative: BC Housing provides funding for non-profit housing developments with support services that address homelessness in B.C. communities. Through Housing Matters BC, the Province has committed to creating nearly 4,000 new and upgraded supportive housing units across B.C.

Provincial Rental Housing Corporation: BC Housing's land holding company. Incorporated in 1973, PRHC buys, holds and disposes of provincially-owned social housing properties and leases residential properties to non-profit societies and co-ops.

Public Housing: Housing that is jointly funded by the provincial and federal governments and predominantly managed by BC Housing. Most of these developments were constructed in the 1950s and 1960s.

Rental Assistance Program: The program is for low-income, working families with at least one dependent child and a household income of less than $35,000. Cash assistance is paid directly to eligible households to assist these families in meeting monthly rent payments in the private market.

Residential Builder: A person who engages in, arranges for or manages all, or substantially all, of the construction of a new home, and includes a developer and a general contractor. Residential builders are licensed under the *Homeowner Protection Act*.

Safe Homes: Temporary housing for women and children fleeing violence where transition homes are not available in the community. This may include private homes, hotel units or rental apartments. Stays do not usually exceed five days.

Second Stage Housing: Housing for women and children fleeing violence who have completed a stay in a transition house or safe home. Stays can be up to 18 months.

Seniors' Rental Housing: The Province is working in partnership with the federal government's contribution to develop approximately 1,300 affordable housing units for seniors and persons with disabilities and stimulate local economies by developing new affordable rental housing in smaller communities across B.C.

Seniors' Supportive Housing: A program to upgrade or convert approximately 765 social housing units to supportive housing. The program provides specially modified rental homes, in selected subsidized housing developments, primarily to low-income seniors who need some assistance in order to continue to live independently.

Shelter Aid for Elderly Renters: The SAFER program provides direct cash assistance to eligible residents of British Columbia who are age 60 or over and pay rent for their homes.

Single Room Occupancy Hotel: These hotels provide long-term accommodation in single rooms, typically without private bathrooms or kitchens.

Social Housing: Includes both public housing and housing that is owned and managed by non-profit and co-operative housing providers.

Subsidized Housing: Encompasses all types of housing for which the provincial government provides a subsidy or rent assistance, including public, non-profit and co-operative housing, as well as rent assistance for people living in private market housing. It also includes emergency housing and short-term shelters.

Supportive Housing: Housing that provides ongoing supports and services to residents who cannot live independently and are not expected to become fully self-sufficient.

Supportive Housing Registration Service: With the goal to facilitate the transition from homelessness and emergency shelter use to permanent, supportive housing, SHR provides a single point of access for applicants seeking low-barrier supportive housing. The service manages the allocation of supportive housing units in the Vancouver SROs acquired by BC Housing and select City of Vancouver-owned supportive housing sites.

The Housing Registry: A centralized database of applicant information and housing provider information coordinated by BC Housing. It allows individuals to apply for housing with multiple service providers using one application form.

Transition Houses: Temporary housing for women and children fleeing violence. Transition houses provide housing, food, crisis intervention and referrals. All provincially-funded transition houses have around-the-clock staff coverage. Stays do not exceed 30 days.

Transitional Housing: Housing that is provided for a minimum of 30 days and up to two or three years, which includes the provision of on- or off-site support services to help people move towards independence and self-sufficiency.

Women's Transition Housing and Supports Program: Serves women and their dependent children fleeing violence. It includes transition houses, safe homes, second stage housing and related supports. Services are provided by community-based contractors and provide clients with housing, food, crisis intervention, and referrals.

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